



2019 **One Report**



Table of Contents

2 About the One Report

3 A Word from Gary

4 30,000 Foot View

5 At A Glance

6 Our Approach

7 2019 Awards

2019 One Report

2019 marked Southwest's 47th consecutive year of profitability—proof that our People-centric approach to business continues to resonate with Customers. Our Employees, Customers, Shareholders, suppliers, and community groups all contribute to the many opportunities we see for the future of our Company. Our citizenship efforts give us an opportunity to invest in the People and Places our future depends on.

Our Triple Bottom Line

The 2019 One Report highlights our commitment to the triple bottom line of People, Performance, and Planet. This three-pronged commitment reinforces our focus on global citizenship and supports our Purpose to connect People to what's important in their lives through friendly, reliable, and low-cost air travel. It also supports our Vision to become the world's most loved, most efficient, and most profitable airline.¹

8 People

9 Key Accomplishments

10 Employees

23 Customers

34 Communities

44 Looking Forward

45 People Data Table

47 Performance

48 Key Accomplishments

49 Economic Performance

58 Growing Our Robust Network

65 Looking Forward

66 Performance Data Table

68 Planet

69 Key Accomplishments

70 Energy Use

78 Waste

81 Environmental Stewardship

84 Looking Forward

85 Planet Data Table

87 GRI Content Index

A Word from Gary



“We are not simply a Company of planes—we are a Company of People. And it is the Heart of the People of Southwest Airlines that makes us who we are—yesterday, today, and tomorrow.”

—Gary C. Kelly, Chairman of the Board and Chief Executive Officer



30,000 Foot View



To understand citizenship at Southwest is to understand our Heart for People. Whether it's going the extra mile for one of our Customers, giving back to the communities where we live and work, or working to protect the well-being of our Planet for generations to come, we filter everything through the lens of People.

Southwest has always been a different kind of Company, and we take a slightly different approach when it comes to reporting on citizenship. We're proudly People-centric, so we go beyond a traditional "corporate report" narrative in favor of an approach that allows us to focus on the People that make Southwest such an amazing Company. Because when we talk about citizenship at Southwest, we are actually talking about People—both our Employees and Customers—and the things that are important in their lives. Welcome to this year's One Report.

At A Glance

In order to be transparent and consistent when we talk about our citizenship initiatives, we report on our efforts each year in the following areas:

People



At Southwest, we do things a little differently. Our People-centered approach to business empowers each of our unique Employees to serve Customers with individual, personal attention. So it shouldn't come as a surprise that we also take a People-first approach to citizenship. From investing in our Employees to giving back to our local communities, learn more about how we are serving those around us—one person at a time.

[Read more](#)

Performance



Southwest's Vision is to become the world's most loved, most efficient, and most profitable airline. We have achieved 47 consecutive years of profitability—a record unmatched in aviation history—and delivered significant value to our Shareholders over our history.

[Read more](#)

Planet



We believe that what works well for Southwest can also work for our Planet. Even small improvements in our operational efficiency or waste reduction can add up to a large impact when applied across our operations.² By working to streamline our operations, we can minimize our environmental impact and help protect our Planet.

[Read more](#)

Our Approach

At Southwest, we are committed to doing the right thing by our People, through our Performance, and in service to our Planet. Our Employees, Customers, Shareholders, suppliers, and community groups all contribute to the many opportunities we see for the future of our Company. We listen to and learn from them, seeking to address their interests in the One Report. Our commitment to being a good global citizen underpins the way we carry out our Purpose—connect People to what’s important in their lives through friendly, reliable, and low-cost air travel.

Reporting Scope

The 2019 Southwest One Report is a snapshot of our corporate social responsibility (CSR) and environmental, social, and governance (ESG) efforts covering the period of Jan. 1, 2019 to Dec. 31, 2019 (unless otherwise noted). The One Report covers only those business activities for which Southwest generally has complete control or ownership. This report does not include facilities primarily controlled by others, such as airport terminal space, or outsourced or subcontracted facilities.

Our Approach

We use a holistic approach to identify which CSR and ESG indicators to report each year. We continually listen to our Stakeholders’ interests in order to understand what is important to them, and we balance Stakeholder interests with learnings gathered during an industry benchmarking analysis conducted in 2016 and early-2017. In 2019, we continued to report on key topics consistent with our 2018 report.

In 2020, we plan to conduct a thorough topic analysis, which will help us identify our most relevant CSR and ESG topics, based on insights from our Leadership and other key Stakeholders. This analysis will serve as a foundation for development and implementation of our corporate responsibility strategy, ongoing Stakeholder engagement, and refinement of our CSR and ESG disclosures and communications.



Ranked 11th

(in 2019)

FORTUNE World's Most
Admired Companies®

FORTUNE magazine

FORTUNE
WORLD'S MOST
ADMIRABLE
COMPANIES
2020

Named
**Domestic Airline
of the Year**

Airforwarders Association



Designated a
**2020 Military
Friendly® Company**

Victory Media

Recognized as a

Top 50 Employer

*Equal Opportunity
Magazine*



Won

Best Customer Service

Program of the Year
(Rapid Rewards® Program)

Best Loyalty Credit Card

Best Airline Redemption Ability

Freddie Awards



Received a

100 on the Corporate Equality Index in 2019

*Human Rights
Campaign Foundation*

#1 Customer Satisfaction

with Airline Travel
Websites

*J.D. Power 2019
Website and App
Satisfaction Study*



Recognized as the
**Airline
Representative
of the Year**

Airlines Reporting Corp. (ARC)

Recognized as a
**Best Place to
Work 2020**

Glassdoor



Putting People First

Key Accomplishments	9
Employees	10
Customers	23
Communities	34
Looking Forward	44
People Data Table	45

As we've famously said for decades, our People are the Heartbeat of Southwest. But when we talk about "our People," we mean more than just our Employees. Of course we love our Employees, and offer them great jobs and benefits—helping to create our amazing Culture. But we also believe that the rest of our Stakeholders—our Customers, communities, and Shareholders—are "our People" too. As such, we seek to always do right by them, living by the Golden Rule and acting with a Servant's Heart. We remain a Company of our People, with a focus on serving our Customers.

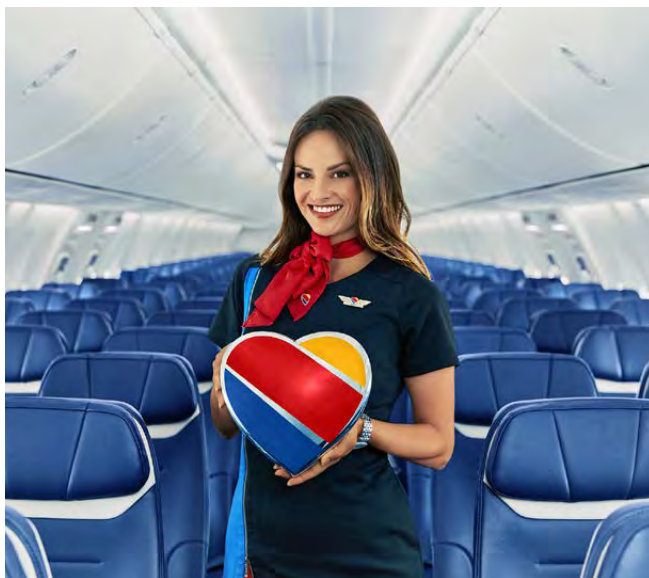


KEY ACCOMPLISHMENTS

200,000+



In 2019, Southwest Employees **volunteered more than 200,000 hours** to help causes and organizations they care about.



We served
134+ Million
Customers in 2019

\$450,000+

Invested **more than \$450,000** in Hawaii community organizations since 2017.



"We've always done things a little differently at Southwest, with The Golden Rule at the forefront of our Culture. We take pride in our reputation as the airline with Heart, and that naturally extends to a passion for making a difference in our communities and protecting our resources. We're committed to being a good corporate citizen because it's in our DNA and we believe community is more than a place—it's at the Heart of what brings us together."

—Laurie Barnett, Managing Director Communications and Outreach



KEY TOPIC

Employees

At Southwest, taking care of People always starts with our Employees. We provide them with great jobs and benefits, and a world-famous Culture where they are encouraged to be their authentic self—drawing on their unique perspectives, skills, and experiences in their day-to-day jobs. Over the years, we've seen how treating our Employees well does good things for the rest of our business. Because happy, empowered Employees make great ambassadors, and that affects Customers, the world around us, and the success of our business. It's no wonder we've always said Employees are the Heart of Southwest.

STORIES

[Introduction of Parental Leave](#)[Destination 225°: Bolstering Our Talent Pipeline](#)[Human Trafficking Awareness Curriculum](#)[Diversity and Inclusion](#)[Honoring Herb](#)

\$667
million

Record ProfitSharing earned
by Employees in 2019.



In July 2019, we launched our **Destination 225° program**, which Southwest believes will help reduce dependency on the open market by allowing us to train future Pilots on how to fly "The Southwest Way."

2+ million
hours

Spent by our Operations
Teams in training and on
education in 2019.





Introduction of Parental Leave

We believe our People are our greatest asset and we purposefully foster a hard-working, innovative, and fun work environment where Employees feel valued and empowered to be their best. As a top employment brand with high employee satisfaction and engagement, our treatment of Employees is the single biggest factor behind our decades of success. Putting Employees first allows them to wholeheartedly serve our Customers—which reinforces our world-famous Customer Service and Culture—a positive cycle that benefits everyone in the Southwest Family.

For years, Southwest has been recognized by organizations like Glassdoor and Indeed for the benefits and perks we provide to our Employees. In 2018, we announced a big enhancement to our current Paid Time Off (PTO) Program for Noncontract Employees. In addition to PTO, qualifying Employees now have an opportunity to utilize Company-paid parental leave which includes six weeks of paid leave for parents of children born or adopted on or after Jan. 1, 2019. For birth mothers, we offer up to 12 weeks paid leave with a combination of PTO, short-term disability, and parental leave. For our new fathers and adoptive parents, we offer six weeks of paid parental leave. Moms and Dads working at Southwest have 12 months from the date of the birth or adoption to use this paid parental leave—allowing families the flexibility to use this benefit in a way that works best for their needs.

After all, Southwest is fueled by a desire to connect People to what's important in their lives—and that includes connecting our Employees to what's important at home.



Facebook post—John Young, Social Business Advisor

"It's with a deep sense of gratitude that I start back to work at Southwest Airlines tomorrow. I've been on paternity leave for the past six weeks after the birth of my second son. It has been some of the best weeks of my life. It's been life giving and family affirming and just overall beautiful. This time allowed us to connect with our new little one and ease into being a family of four. I was able to help my first son adjust to being a big brother and share the attention of his parents. This time provided the space to just focus on each other, and it was fantastic.

It's nothing trivial for a company to provide paternity leave and so I'm really grateful. I really appreciate how my Team picked up the slack in my absence. Projects continued, with workloads being shifted even while we were short-staffed. There's a cost to someone being out and it will be paid by the people who help create the opportunity. The world kept spinning in my absence. But there's a beautiful bit of space created that gives way to

something really remarkable on the other side. In a world where we are defined by what we do, create, or produce, there's something very healthy and even moral about a company that puts in place policies that show family should come first.

It's not just time off. It's something so much more. It's a step in the right direction for our family, for a company, and even our society. We should be striving to create environments (work, social, and spiritual) that give us a better way to be human and allow us to invest in what really matters.

So, I go back to work with a thankful heart. Thanks to all the friends, family, and Cohearts (co-workers) who helped out, encouraged us, brought food, and so much more. I go back rejuvenated and more focused than ever before. Thanks for one of the best seasons of my life. I'll be hitting the ground running tomorrow."



Destination 225°: Bolstering Our Talent Pipeline

We're fortunate to attract many top candidates to fill our Pilot positions. However, we see the potential industry shortage ahead. Barriers to entry, such as expenses and time, prevent many individuals from pursuing careers as pilots. Military drawdowns have caused the pool of qualified ex-military pilots to dwindle in recent years. And with increasing retirements slated to hit the airline industry in the next decade, the demand for qualified professional pilots could increase. In response, Southwest launched an innovative career program in July 2019, called Destination 225°, which we believe helps us reduce our dependence on the open market.

On a compass, 225° is the southwest directional heading, and the aptly named Destination 225° program was developed to lead aspiring pilots to Southwest. The program seeks to meet future, high-potential aviators at their current experience level and provide pathways to assist them with becoming highly skilled and qualified for future opportunities at Southwest.

Participants who apply, interview, and are selected for the Destination 225° Program will receive a Southwest mentor during their years of training, be invited to Southwest Headquarters for training activities and events, and, ultimately, get the opportunity to apply for open Southwest First Officer positions. While a job is not guaranteed, cadets who meet the training standards and complete all program milestones will meet with a Chief Pilot selection committee for final approval. Participants receive training and flight experience on how to fly and specifically, how to fly "The Southwest Way."

Destination 225° is made up of four distinct pathways for candidates:

Destination 225° Cadet Pathway

The Cadet Pathway is an *ab initio* —"from the beginning"—program which provides passionate, skilled individuals with a multi-year training program in partnership with CAE, a worldwide leader in training for the civil aviation, defense and security, and healthcare markets. The classroom and flight training will take place at CAE's Phoenix training facility. The goal of the program is to have candidates qualified and prepared to apply for positions with program partners such as XOJET Aviation or Jet Linx, to gain the flying experience necessary to be a competitive First Officer candidate at Southwest.

Employees | Destination 225°: Bolstering Our Talent Pipeline

Destination 225° University Pathway

The University Pathway is designed for collegiate aviators who attend a Southwest partner university or complete a Southwest Campus Reach Internship. Southwest is partnering with four universities to offer this transition training: Arizona State University, Southeastern Oklahoma State University, University of Nebraska Omaha, and The University of Oklahoma. Our University Pathway corporate flying partners include XOJET Aviation, Jet Linx, and iAero Group's Swift Air.

Destination 225° Military Pathway

The Military Pathway bridges the gap for active military pilots who do not yet meet the minimum requirements to start their career as an airline pilot. If an individual has previous rotor/powerlift experience as a military pilot, this pathway will develop the skills and experience necessary for fixed-wing airline operations. Southwest is proud to offer this transition training through a partnership with Bell Murray Aviation, a FAA 142 Training Center, which is dedicated to exploring training opportunities in all areas of aerospace, including individual pilot training, corporate, and military aviation operations. The corporate partners offering the opportunity to build the necessary flying experience are iAero Group's Swift Air, Jet Linx, and XOJET Aviation.

Destination 225° Employee Pathway

Southwest is known for incredible Employees, and, in a partnership with CAE and US Aviation Academy, Southwest Employees will be able to apply for the Employee Pathway to pursue a career as a professional pilot.

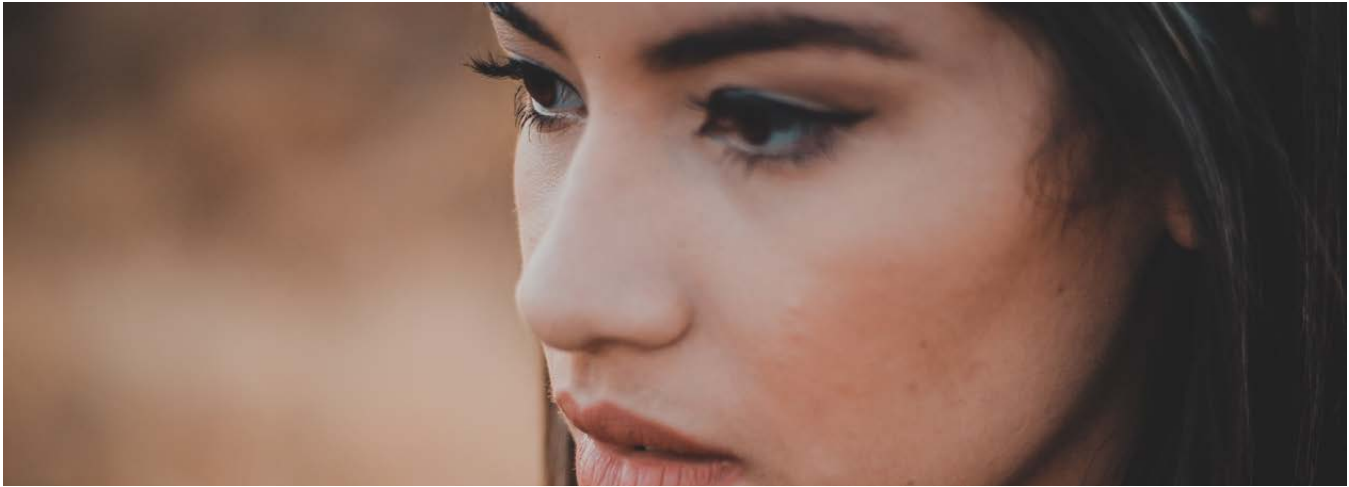
The Destination 225° Program was created with the help from several industry-leading partners, including CAE, Bell Murray Aviation, US Aviation Academy, Jet Linx, XOJET Aviation, iAero Group's Swift Air, ARGUS, Arizona State University, Southeastern Oklahoma State University, University of Nebraska Omaha, and The University of Oklahoma.

For more on Destination 225°, visit careers.southwestair.com/D225



“Destination 225° will offer pathways for the development of world-class pilots who are ready to fly ‘The Southwest Way.’ This comprehensive training program is designed to make becoming a Southwest First Officer an attainable goal for passionate, highly skilled individuals. Pilots in the Destination 225° pathways will receive training customized to Southwest from our partners and will be held to the competitive hiring requirements for future First Officer positions. We are looking for participants who demonstrate the technical aptitude to excel in all aspects of their training and development as a future Southwest Pilot.”

—Alan Kasher, Senior Vice President Air Operations, Daily Operations



Human Trafficking Awareness Curriculum

Southwest Airlines operates on the guiding principles of civility, respect, and taking care of others with our collective Southwest Heart. As a Company, we have a passion for developing our People, supporting our communities, and doing the right thing—which is why we have stepped up our support of the global efforts to eliminate human trafficking.

It's Closer Than You Think

Human trafficking is happening in our own backyard and while this issue doesn't always involve air travel, statistics suggest that a large percentage of victims are transported via aircraft during some portion of their experience.³

Heather Norcilus, a Learning Multimedia Developer in our Southwest Airlines University Department who worked to develop a Company-wide Human Trafficking awareness curriculum, had deeply personal feelings on the issue, as one of her good friends is a survivor of human trafficking.

"When you think of human trafficking, it's easy to picture the victims in some far away land, but it's an issue that happens closer than you think—including places where Southwest serves," shares Heather.

Her friend had been trafficked out of east Texas. "She was flown to Florida with the promise of money and perks to get out of a rough background, but she was lied to," says Heather. "It wasn't anything she had agreed to."

A Light for Others

Thankfully Heather's friend has since escaped and regained her freedom. But many other victims haven't been so lucky and are still trapped in horrible situations. Providing Employees with the resources to help identify and report trafficking, and continuing our work with Partners like Polaris is at the center of the Southwest Heart.

Human Trafficking Awareness Curriculum

We understand our Employees are sometimes on the front line of these situations and we recognize the importance of equipping them with resources on this important topic. Therefore, Southwest launched Human Trafficking awareness curriculum for all Employees in July 2019, to educate and empower Employees on the issue of human trafficking. The online curriculum, called "Combating Human Trafficking through Awareness and Action," was developed together with our nonprofit Partner, Polaris.

Employees | Human Trafficking Curriculum

The curriculum is designed to provide an overview of the crime of human trafficking and provide Employees with a game plan for addressing the issue. By the end of the course, Employees are equipped to:

- Better understand what human trafficking is
- Be able to identify instances of human trafficking
- Be prepared to take action if necessary, if they suspect they have encountered a potential human trafficking situation

The initial phase of curriculum is optional for all individual contributing Employees and required for Leaders. In the future we will introduce a second phase of mandatory training for our Customer-facing Employees that will focus on specific processes and procedures to help address this issue.

Partnering in the Fight

Our commitment to combating human trafficking is further strengthened by the work of nonprofit organizations Polaris, United Against Human Trafficking, and Rethreaded—all of whom Southwest proudly supports. Their programs and services aid in identification, rescue, restoration, and/or prevention efforts. Through monetary and ticket donations, Southwest supports these organizations in fulfilling their valuable missions and making an impact in the lives of those affected.

Polaris

Polaris systematically disrupts human trafficking networks that rob human beings of their lives and freedom. Polaris' comprehensive model puts victims at the center of what they do—helping survivors restore their freedom, preventing more victims, and leveraging data and technology to pursue traffickers wherever they operate.

United Against Human Trafficking (UAHT)

UAHT is dedicated to ending human trafficking through awareness, education, and outreach. This organization identifies those trapped in cycles of exploitation and connects them to direct services. They also educate diverse communities to know and report the signs of human trafficking, while uniting the Greater Houston area against this crime.

Rethreaded

Rethreaded is a mindful non-profit organization that provides long-term employment and training, coupled with mental health services to survivors of human trafficking in Jacksonville, Florida. A Repurpose with Purpose nonprofit partner, Rethreaded's mission is to renew hope, reignite dreams, and release potential for survivors of human trafficking locally and globally through business. Through our Repurpose with Purpose initiative, we upcycle, downcycle, and recycle thousands of pounds of discarded material into useful products with the help of Partner organizations.



"I am so grateful to work for an organization that is taking important steps toward this major issue, especially because it is so personal for me," said Heather. "I am excited that this is just the starting point of future awareness and training. I believe all the work everyone is doing is so worth it and the future impact is immeasurable. In the midst of this darkness, we can be a light and a voice for those who are trapped."

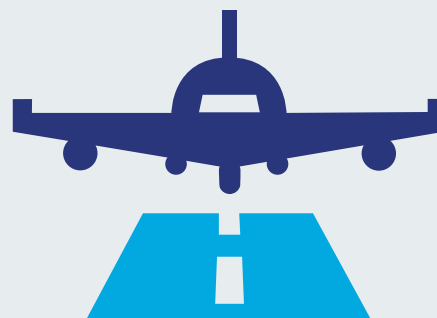
—Heather Norcilus,
Learning Multimedia Developer

Human Trafficking is a
**\$150 billion
criminal industry**⁴



It is estimated there are
40.3 million victims
of human trafficking globally⁵

Most trafficking victims will
use some type of transportation
—like an airplane—
during their recruitment and trafficking⁶



“We are proud to offer Human Trafficking awareness curriculum to the entire Southwest Team so that we can continue our efforts to identify any signs of human trafficking that might occur within our industry. This commitment further strengthens our mission of being good caretakers of the Customers and communities that we serve each day.”

—Gary Kelly, Chairman of the Board and Chief Executive Officer



Diversity and Inclusion

Southwest recognizes, respects, and values differences. By fostering a Culture that embraces and utilizes diversity, we promote Teamwork and foster innovation that contributes to our overall success. In 2018, our Diversity and Inclusion (D&I) Department launched a voluntary curriculum for Leaders and Employees entitled Fearlessly Authentic. The curriculum was offered in partnership with Southwest Airlines University and the content focused on fostering an inclusive environment where Employees embrace differences and feel a sense of belonging.

After the 2018 launch, we began to look for ways to bring the topics covered in Fearlessly Authentic to life. Our goal was to help Leaders and Employees actively create an inclusive environment where they can operationalize diversity and inclusion and translate it into everyday actions. We want our Employees to feel welcomed, appreciated, and valued for their diverse backgrounds, experiences, and perspectives.

Over the years, our Employees have shared a strong desire for actionable learnings they could put into practice with our Customers and other Employees. Based on this feedback, we launched a quarterly event series called Inclusion in Action in 2019. Each event featured a speaker who addressed important topics related to inclusion and answered questions about how to practically enact change. These events focused on four themes:

Breaking Bias

Our minds are influenced by unconscious shortcuts that help us quickly sort, categorize, and make judgments about the constant streams of information we receive as we move through our daily lives. When unconscious shortcuts affect decisions on important issues, they can unintentionally influence the quality of our decision-making, which can negatively impact others.

Knowing Me, Knowing You

Most of us have had moments where we felt we needed to behave a certain way to fit in. But if we hide who we are at work, it can feel all-consuming and negatively affect our performance, as well as our self-esteem. By creating an environment of psychological safety, everyone can feel comfortable to express themselves, judgment-free.

Employees | Diversity and Inclusion

Micro Messages

Some messages might seem small in nature, but have serious unintentional impact for others. Small actions—such as the use of an unwelcome nickname or when we check our email or text messages while having one-on-one conversations with someone—can leave others feeling unimportant or disrespected. Each of us can help build an atmosphere of mutual respect by being self-aware and intentional about the messages we send others.

The In-Crowd

You know that feeling when you're on the outside? No one enjoys that feeling, and at work it can hamper performance. When we are part of a group, we feel valued and secure—but when we're left out, we experience physical and emotional hurt. By intentionally working to practice inclusion, we can create a Culture of belonging, where everyone feels valued.

In addition to our Inclusion in Action series, we demonstrated inclusion through collective conversations during Women's History Month, Veterans Day, and at our annual Inclusion and Innovation Summit. For example, at the 2019 Women's Day event, Pilot Tammie Jo Shults shared her path to a career in aviation that was strewn with naysayers. "It really came down to motivation and merit," she said. "What was my motivation for being there and my merit? Was I good enough to be there?" Fortunately, Tammie Jo continued to pursue her dream even when there was no applause, and today her story can inspire others to do the same.

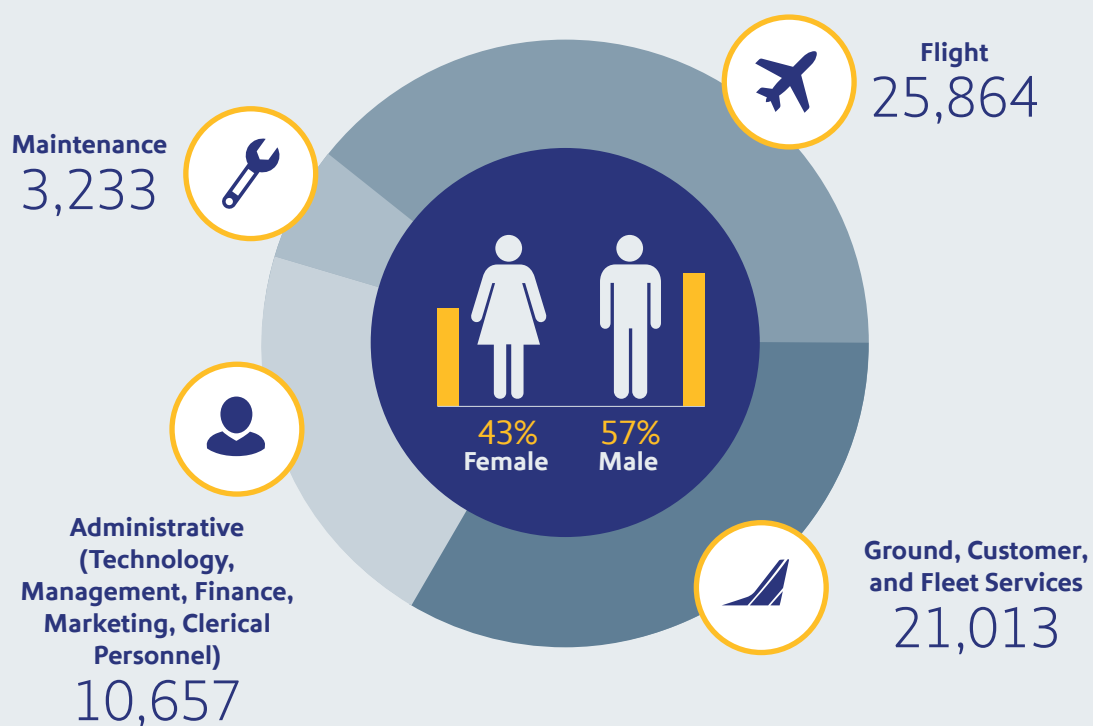


Our hard-working D&I Department helps drive our inclusion efforts forward and ensures that Southwest Airlines remains a top place to work for all Employees. To help spread our message of inclusivity, the D&I Department often works closely with our Diversity Council, which is made up of diverse Employees from various job roles, locations, and levels of experience throughout Southwest. The Diversity Council serves as a strategic asset to the business, dedicated to promoting a work environment that appreciates different backgrounds, experiences, and traditions while fostering inclusion and leveraging diversity to enhance organizational performance.

Our goal is to create the most impact and continue to evolve on our inclusion journey. Each year, we will evaluate our opportunities with a focus on **Team, value, and respect.**



Breakdown of Employees by Workgroup and Gender⁷



14%



of Employees (more than 8,200) have reported military service (either active duty military or veterans)



Honoring Herb

There is one thing that has defined Southwest as a Company since day one: Heart. At the center of that, was our Founder and Chairman Emeritus Herb Kelleher. Herb was a freedom fighter who revolutionized the skies, and his passing in January 2019, impacted us all.

Herb led Southwest Airlines, first as the Company's Cofounder and legal counsel from 1966 to 1981, then as President, Chief Executive Officer, and Chairman of the Board from 1981 to 2001. During his tenure, Herb Kelleher produced the highest return to shareholders of any company in the S&P 500.⁸ In 2001, at the age of 70, Kelleher retired from his positions as President and Chief Executive Officer, and continued to serve as Chairman of the Board until 2008.

"Think small and act small, and we'll get bigger. Think big and act big, and we'll get smaller."

—Herb Kelleher,
Founder and Chairman Emeritus

He blazed a trail of low fares and exemplary Customer Service in an industry ruled by just the opposite, and disrupted the airline industry by making flying both fun and affordable. Anyone in the world who has set foot on a Southwest airplane in the past 50 years has been touched by Herb's life.

**"Your People come first, and if you treat them right,
they'll treat the Customers right."**

Employees | Honoring Herb

Following his passing, Southwest Employees, Retirees, Customers, and longtime friends of Herb gathered to celebrate his life—a time marked with laughter, a few tears, and Herb's zest for life. To honor Herb, Southwest Airlines donated a combined total of \$1 million to the Southwest Airlines Employees Catastrophic Assistance Charity and The Herbert D. Kelleher and Rollin W. King Scholarship Fund. Through these organizations, Southwest positively impacts the lives of our Employees and their families.

The amount of the donation is significant, because it truly represents our Southwest Family. For every Southwest Employee as of January 2019, Southwest donated \$7.37—rounding to a \$1 million donation to honor Herb's life and legacy.

Herb has been quoted as saying, "It is my practice to try to understand how valuable something is by trying to imagine myself without it." We now have to imagine ourselves without Herb. Our Founding Father has passed on, but the legacy that he has left to each of us is still very much alive and inspires us daily. Herb will always be a part of the Southwest Family and will be remembered for his Leadership, laughter, and above all, his Heart.



"Leading an organization is as much about soul as it is about systems. Effective leadership finds its source in understanding."

—Herb Kelleher,
Founder and Chairman Emeritus





KEY TOPIC

Customers

At Southwest, we take a different approach to Customer Service than most companies. Customers are at the Heart of everything we do, and we view each Customer as a valued, unique individual. When you're serving real, unique People with individual needs and wants, a one-size-fits-all approach to service just doesn't work. We empower our Employees to connect with Customers on a personal level, so they can deliver distinctive, personal service. And after 47 consecutive years of profitability, our approach seems to be working. More than 134 million Customers chose to travel with us last year—a testament to the power of warm, personal service and the Southwest Heart.

STORIES

[Inflight Entertainment](#)[Commodity Tracking](#)[Introducing Customer Chat](#)[Customer Service:
Above and Beyond](#)[Civility and Kindness](#)

180k hours

Frontline Employee Training to learn our Commodity Tracking System, helping our Customers track their belongings.



Ranked **No. 1 for Customer Satisfaction with Airline Travel Websites** by J.D. Power 2019 Website and App Satisfaction study.

Free Inflight Entertainment on WiFi-enabled aircraft for Customers to enjoy free movies, live TV, on-demand episodes, messaging, and games.





Inflight Entertainment

At Southwest, we connect you to what matters most in your life, both in the air and on the ground. To keep our Customers connected to what fuels their journey, we are proud to operate one of the largest satellite-based WiFi-equipped fleets in the world. With Southwest's Inflight Entertainment Portal (the "Portal") on WiFi-enabled aircraft, Customers can enjoy free movies, free live TV, free on-demand TV episodes, free messaging, and free games, as well as Flight Tracker to view destination guides and peruse select Southwest digital properties like SouthwestOneReport.com and Southwest.fm.

For Customers looking to stay connected, Southwest WiFi is available for \$8 per day/per device for access to email and web browsing.

These services are not new to Southwest; Customers have been able to enjoy our Inflight Entertainment Portal since 2010. But in August 2019, we launched a significant upgrade to the Portal that offers new features, functionality, and a fresh look that is in line with other Southwest digital platforms.

Then in September 2019, we rolled out an enhanced games product within the Portal to keep our Customers entertained. Our Customers can now play complimentary puzzles, sports, and arcade games on their devices while our Employees whisk them toward their destination.

Inflight entertainment might seem like a small thing, but when all the small things are added up, they make a huge difference to our Customers. We want to make time fly for Customers while they fly with us and help keep them connected to what matters most—even when they're 35,000 feet above ground.

Customers | Commodity Tracking



Commodity Tracking

As the largest domestic carrier in the United States,⁹ and the only major U.S. airline that allows every Customer's bags to fly free[®],¹⁰ you could say that our Ground Operations Employees have their hands full.

Prior to 2019, we used a manual system to track bags. While this system served us well for years, many of our Employees felt the process was tedious, with room for improvement. As the number of Customers (and bags!) we served continued to grow, we saw an opportunity to take a major step forward and evolve our processes.

In November 2018, our Employees began to test digital baggage scanning at three system locations: San Diego (SAN), Seattle/Tacoma (SEA), and Sacramento (SMF).

We knew that electronically transmitting bag counts would make our processes more accurate and efficient. Thanks to a concerted effort from our Employees to provide feedback, make adjustments, and operationalize the new process, we finished our rollout of Commodity Tracking in all domestic locations in December 2019—just over a year after we began testing!

We're thrilled by what we've experienced so far. Our Mishandled Baggage Ratio (MBR)—which tracks the number of bags that don't make it, or are damaged en route to their final destination—has dropped consistently as we've rolled out the new system.

Digital scanning means less manual paperwork for Employees, which improves their day-to-day experience and leaves more time for them to provide Legendary



180k
Hours of training



3,400
Devices deployed



3,700+
Flights per day



300k+
Bags per day



4 Million
Weekly scans



80+
Stations actively scanning

[Customers](#) | [Commodity Tracking](#)

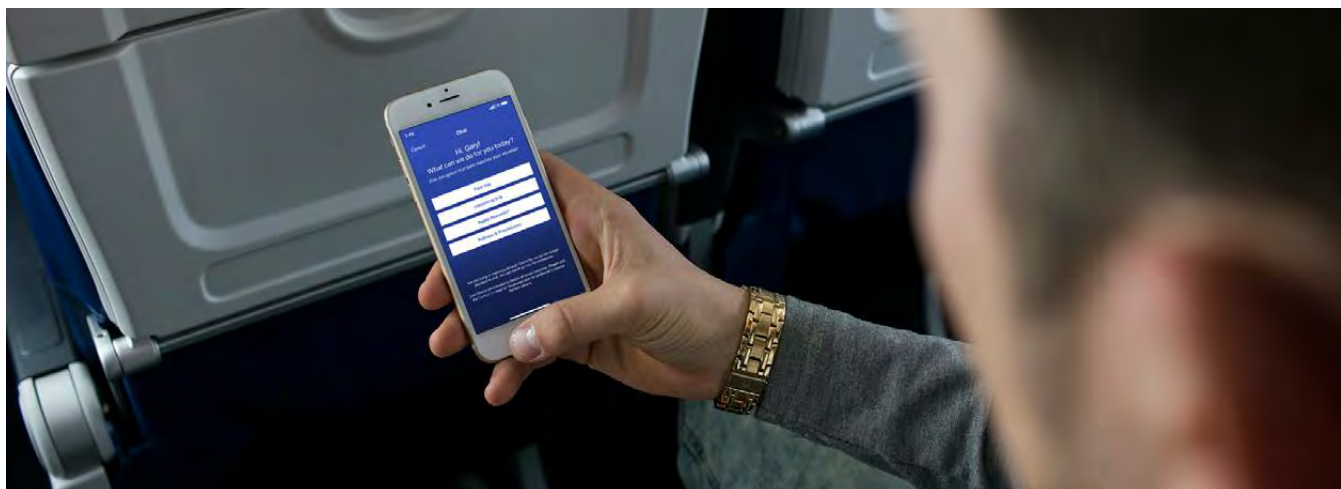
Customer Service. Less paper also means less waste! In the event that bags don't arrive as expected, Commodity Tracking allows for advanced system-wide reporting—which helps Employees locate delayed or missing bags quickly for our Customers. And, most importantly, fewer lost bags means happier Customers!

In early 2020, we expect to integrate Commodity Tracking into our Southwest Cargo Suite so that we can scan and electronically submit data on all commodities (not just baggage). Additionally, the Commodity Tracking system is expected to extend to all international locations.

So far, Commodity Tracking has been a hit with Employees and Customers alike. But it's only the most recent in a long list of innovations for our Company, as we strive to maintain our high level of operational performance for our Customers (and their baggage).



**Digital scanning means
less manual paperwork for
Employees, which improves their
day-to-day experience and leaves
more time for them to provide
Legendary Customer Service.**



Introducing Customer Chat

Colleen Barrett, President Emeritus of Southwest Airlines, first fostered the idea of Southwest being known as a Customer Service Company. And our Customers have come to expect our Legendary Customer Service from us at every turn—an expectation we love to deliver on—so we're always looking for ways to take Customer Service to new heights.



1,000+

Chats handled per day



120+

CS&S Reps Support Chat

Digital technology has opened up exciting new ways for customers to connect with companies. To help meet our Customers' evolving expectations and enhance our Customer Experience, we launched a new way for Customers to connect with us in 2019—Live Chat, via the Southwest mobile app.

Using Live Chat, Customers can communicate directly with our Customer Support and Services (CS&S) Representatives to inquire about past or upcoming trips, get information about their Rapid Rewards® accounts, or ask questions about various Southwest policies and procedures—all without having to make a phone call! We first introduced Live Chat to select Rapid Rewards Members in January 2019, and they loved it so much that we expanded the feature to all Customers with Rapid Rewards accounts later that month. So far, the new communication channel has allowed our hard-working Representatives to assist more than 200,000 unique Members in 2019.

Live Chat has been a huge hit, and we love being able to support our Customers in a new way—whether they are on the ground or in the air on WiFi-enabled aircraft. And while anyone with a Rapid Rewards account can use Live Chat, it has had a special impact on one Southwest Airlines Employee and her family. This is her story:



What Live Chat Means to Me, My Family, and the Deaf Community – Kylette Harrison, Senior Change Consultant

I had the honor of working on the Live Chat project for about a year, and I loved every second of it. Live Chat was especially meaningful for me and my family because my mom, dad, stepmom, brother, and sister-in-law are Deaf, and I'm a CODA (Child of Deaf Adults).

Quality access to customer service can be a hurdle for deaf people, and Live Chat is a great way to serve this community. In general, deaf people want to self-serve, but often have to rely on relay services and interpreters when they want to contact businesses. A relay service usually involves a deaf person using a webcam and sign language

to communicate with an interpreter, who then relays the message to a business' customer representative—talk about a game of telephone! With relay services, sometimes important details are lost in translation and they are difficult to use while on the go.

I'm proud to know that Southwest offers a service like Live Chat. My family and so many deaf people now have new means to connect with us—without having to worry about interpreters or messages getting lost in translation. By removing barriers that get in the way, we'll be able to better connect with more people than ever.

Dom Lacy, Live Chat User

For me, I am always on the go, so being able to use the Mobile Live Chat feature is tremendously helpful. It also alleviates me having to resort to lengthy measures to communicate with Southwest. But even more important, as someone who is a staunch advocate for our deaf community, it is great to see Southwest look at all of their Customer engagement and think about designing a service that is inclusive by design. A great start!

Mary Lacy, Live Chat User

Recently, I went on a trip to Denver and I used Live Chat to inquire about my canceled flight. The Customer Representative that I chatted with was able to help me understand that my flight cancellation was due to a snowstorm, and I had been re-accommodated on the next available flight. In the past, I would have relied on other Customers in the gate area to help me communicate. In this example, Live Chat gave me my freedom back, as I was able to self-serve. Thank you, Southwest!

Customers | Customer Service: Above and Beyond

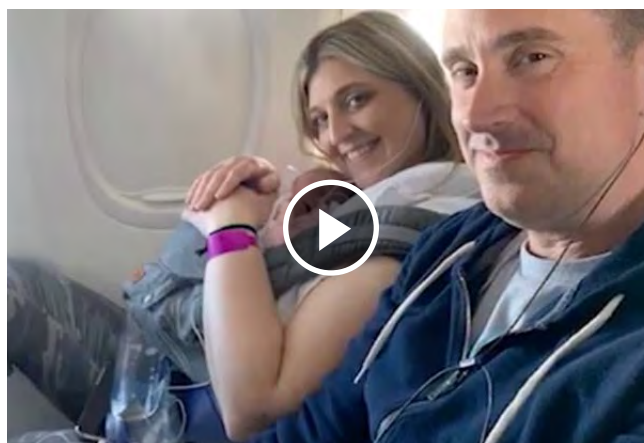


Customer Service: Above and Beyond

Taking care of our Customers at Southwest goes beyond simply providing ordinary service. We take Hospitality to Heart and want our Employees to do whatever they can to make our Customers' journeys easy, fun, and enjoyable—whether in the air or on the ground. We empower our Employees to be themselves and flex their creativity when serving our Customers because taking service **personally** allows our Cohearts to go the extra mile. Here are a few examples from 2019.

Surprising Adoptive Parents

In May of 2019, Carl and Melissa found out that they'd been chosen to adopt a newborn. After a whirlwind of events, they found themselves on a Los Angeles-bound flight to meet their adoptive daughter. After explaining the situation to the Crew, our Southwest Cohearts sprang into action. Flight Attendants made their trip extra special, and when Carl and Melissa arrived in L.A., they were welcomed by Employees with cheers, signs, and a Southwest-inspired baby kit. The return flight—with the new addition to their family in tow—went just as smoothly!



Customers | Customer Service: Above and Beyond

Flight Attendant Surprises Autistic Student with Aviation Books

When Flight Attendant Erica Connolly met Garrison, a young man with autism, during one of her flights, he told her all about his love of aviation. She learned about all the planes he'd seen and heard about his extensive collection of aviation books. Erica also found out that they were coincidentally from the same town in Texas.

When the flight ended, Erica exchanged contact information with Garrison's mom, hoping to stay in touch with her new friends. A week later, Erica was at her parents' home, shuffling through some of their things, and she came across a stack of aviation books that belonged to her father—who was a pilot himself. Thinking immediately of Garrison, Erica arranged for the books to be delivered (along with a note) to Garrison's school. Garrison was thrilled and has enjoyed the new books—and the thoughtfulness of Erica—ever since.



Rescue the Dress

We also had the chance to “rescue the dress” for our Customer, Grayleigh, who had left her maid-of-honor dress for her sister's Costa Rica destination wedding at home. Our Employees coordinated with Grayleigh's friend in Houston to arrange for the dress to be dropped off at the airport, and we ensured safe transport of the dress to Costa Rica.

We documented the dress's travels on [Instagram](#), which kept Grayleigh (and our other Customers who were interested!) informed about the status of this important package. The dress arrived in time for the wedding, and we were thrilled to have played a part in making the special day a success—for the happy couple, and one relieved bridesmaid.



Civility and Kindness

The Kindness Diaries, now streaming its second season on Netflix, follows eternal optimist and passionate adventurer, Leon Logothetis, as he travels the world to spread kindness to unsuspecting strangers. Leon embarks on each journey with no money, no food, no gas, and no place to stay, choosing to put his trust and fate in the hands of strangers in order to reaffirm his belief that despite what we see in the news, humans are ultimately kind. In season two, Leon continues his heartfelt mission, traveling from Anchorage, Alaska, to Ushuaia, Argentina, in a vintage VW Bug, relying solely on the kindness of strangers—who he pays back in unexpected and inspiring ways throughout the series.

A Partnership with Southwest

As the airline with Heart, Leon's mission inspires us. The Kindness Diaries series promotes connection, embraces civility, and encourages people to live out The Golden Rule—values that align with our own and speak to our Purpose: connecting People to what's important in their lives. Our Chairman of the Board and Chief Executive Officer, Gary Kelly, has been sharing the message of kindness and civility for many years. After meeting with Leon to discuss the importance of kindness, he said, "We've found a kindred spirit in Leon, who is truly an inspiring humanitarian. We share Leon's passion to make the world smaller and bring people together by spreading kindness and civility, and making meaningful connections with our fellow neighbors—near and far. Our People strive to make a difference in our Customers' lives each and every day."

In 2019, we formally partnered with Leon to help him reach new people and places, flying him from San Diego, California, to San Jose, Costa Rica, by way of Houston, Texas. Leon got to experience the Hospitality of our Employees firsthand as he brought his kindness mission across the U.S. and into Central and South America.

Customers | Civility and Kindness

World Kindness Day

In November 2019, we hosted Leon to help celebrate World Kindness Day. He visited Southwest Employees to discuss the impact that acts of kindness have had on his life. Leon had made a special impression on Caroline Llewellyn, a Senior Promotions Specialist in our Safety and Security Department, who had this to say:

“Ever since I watched the first episode of *The Kindness Diaries*, each episode tugged at my heartstrings, made me laugh, made me cry, and made me think about how I would react if a random stranger asked me to fill up their gas tank or asked if they could sleep in my house.

So when Leon was invited to speak to Employees for World Kindness Day earlier this month, I was giddy at the chance to see him in person, and maybe have the chance to ask a question or get my picture taken with him. I was excited for his presentation and was so inspired by what he shared with us.

Here were a few takeaways I had from Leon’s presentation:

- The kindest thing you can do is to SEE another person.
- Kindness is helping someone feel less alone.
- It’s etched into our DNA—it’s part of what makes us human.
- We are all capable of speaking the international language of connection.
- Kindness + You = Happiness.
- Unless we have a foundation of love and service, we’re not truly living.

Kindness isn’t complicated. When we demonstrate kind acts for our friends, family members, Fellow Employees, or strangers, they will remember you and what you did for them, and in that fraction of a second, you just might change, not only their lives, but yours too.”

Kindness through Travel

Customers can enjoy an original content series produced in partnership between Southwest and Leon Logothetis called “Where have you been?” available on the Inflight Entertainment Portal on WiFi-equipped flights. The series follows Leon as he visits Southwest cities to connect with those he encounters, one inspiring conversation at a time. Leon learns about the places they have traveled and the kindness they’ve experienced.

As you encounter and deliver acts of kindness, we encourage you to share those stories on social media using Leon’s official hashtag of #GoBeKind—continuing our shared mission of civility.



“I am beyond proud to partner with Southwest Airlines, a Company that truly leads with Heart,” said Leon Logothetis. “I am excited to share the power of kindness while inspiring people to go be kind.”

—Leon Logothetis, *The Kindness Diaries*

[Customers](#) | [Civility and Kindness](#)

#GoBeKind: A Conversation with Gary Kelly and Leon Logothetis

The Kindness Diaries and Southwest are on a shared mission to spread kindness. Tune in when, in July 2019, Southwest CEO Gary Kelly and passionate adventurer Leon Logothetis had a conversation about the meaning of kindness and civility, and how people are innately kind. You'll see that Gary attributes much of Southwest's success to the kindness delivered by our Employees each and every day.





KEY TOPIC

Communities

Our focus on communities is a natural extension of Southwest's People-centric approach to citizenship. We seek to connect People to what's important in their lives, and the communities where we live, work, and play are an essential part of what brings us together. We believe that cooperation can advance our impact, so we partner with like-minded People and organizations to promote resilience, civility, and peace in our communities.

STORIES

[Heart of the Community](#)[Hawaii Service Launch](#)[Giving Back](#)[Southwest Airlines Charitable Grant](#)

632,242

Students impacted by our Adopt-A-Pilot program since its 1997 launch.



In 2019, we donated **3,628 tickets** through our **Tickets for Time** program. We donate one complimentary, roundtrip ticket for every 40 hours our Employees volunteer with a qualified organization.¹¹

\$32 million

Value of Southwest-provided travel assistance for medical patients in need since 2007.





Heart of the Community

From 2013 to 2019, the Southwest Airlines Heart of the Community program partnered with [Project for Public Spaces \(PPS\)](#) to award more than \$4.4 million in grants and placemaking technical assistance to 20 organizations across the U.S. and Mexico City. Each grant sought to transform a neglected or underutilized public space into a thriving community gathering place—in order to encourage civic participation and bolster community pride.

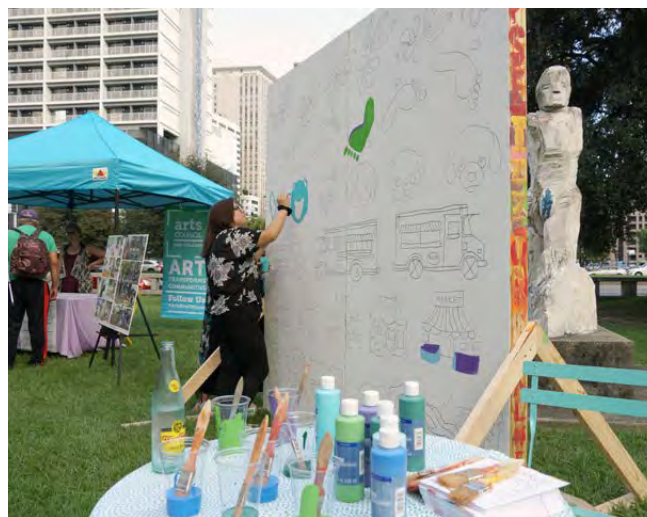
To wrap up our six-year community-building program, we were delighted to complete final placemaking projects with grantees in Oklahoma City, Oklahoma; New Orleans, Louisiana; and Buffalo, New York.

Through the Southwest Airlines Foundation, an advised fund of Silicon Valley Community Foundation, each grantee received \$100,000 in initial project funding, as well as an opportunity for a \$25,000 dollar-for-dollar fundraising match. Grant recipients also received placemaking technical assistance from PPS in community engagement, design, and public space management, with special focus on areas that were identified as persisting challenges, opportunities, or needs. The projects have resulted in livelier public spaces, an increased sense of belonging, and a ripple effect of positive experiences.

Kerr Park

Kerr Park is located in the center of Oklahoma City's Central Business District. Work in Kerr Park was completed in August 2018, and the refreshed park is now a new focal point for the downtown area. Jill Brown DeLozier, former Vice President of the Downtown Oklahoma City Partnership, notes that the space is now enjoyed by more people than ever: "We've seen everyone from business executives to kids and families using the park as if it were their own backyard."

Since placemaking improvements to the park, 92 percent¹² of residents reported that it is an inclusive space for all Oklahomans.



Communities | Heart of the Community

Duncan Plaza

September 2018, saw the completion of grant work in New Orleans's Duncan Plaza, a high-traffic downtown park nestled between the New Orleans city hall and the public library. Since 2017, when the project began, Duncan Plaza has seen an increase in name recognition from 17 to 63 percent,¹³ likely due to the physical improvements and enhanced programming.

Prior to grant work, the space had been the site of rallies, events, and even temporary housing during and after Hurricane Katrina, but Duncan Plaza was not seen as a space for all to enjoy. Working in collaboration, Project for Public Spaces, the Downtown Development District, and the Arts Council New Orleans, laid the groundwork for transforming Duncan Plaza into a lively community destination.

"We did a mask-making workshop in the park getting ready for Carnival," says Heidi Schmalbach, Executive Director of the Arts Council New Orleans. "There were people who live in the park, work downtown, and artists all working side-by-side to create something individually, but together, which is a really beautiful way to connect."

Reading Park

Lastly, we celebrated the completion of Buffalo's Reading Park in July 2019. Programmed and cared for by the Buffalo and Erie County Public Library, the park now is designed to encourage lifelong learning through accessible educational activities and to provide the community with meaningful cultural experiences. In evaluating the work, 81 percent¹⁴ of local Buffalo residents reported that they felt the improvements had positively impacted the downtown community.

The collective efforts of the Southwest Airlines Heart of the Community program, Project for Public Spaces, and local partners and contributors leave a legacy of best practices, new discoveries, and an increased appreciation for the value of public space that make us incredibly proud. Next time you're flying to one of these cities, we encourage you to check out these community places and learn more about the great work Project for Public Spaces is doing! Your involvement and active use will aid in the continued transformation and vibrancy of these public spaces for years to come.





Hawaii Service Launch

The essence of Hawaii's beauty is not just found in the lush and volcanic landscape that's surrounded by the world's largest ocean. It extends beyond gorgeous beaches, mountainous forestation, and vibrant tropical reefs. The Aloha State's deeply rooted culture endures as one of the most beautiful and intriguing aspects of the Islands. And the Aloha culture fits hand-in-hand with Southwest Hospitality.



Cultural awareness

Southwest approached Hawaii with a concerted effort to understand and appreciate the unique cultures of the individual islands, affording each a deserved respect. In October 2017, on the verge of announcing our intention of serving Hawaii, *kūpuna*—or “revered elders”—were invited to a meeting in Waikiki to share perspectives and to ensure Southwest would enter the Hawaiian Islands in a culturally appropriate and locally relevant way. In March 2018, when we first announced the four Hawaii destinations Southwest planned to serve initially, we hosted a cultural training event for the Company's entire Senior Management Committee, bringing Hawaii-based cultural practitioners to translate. The lessons were translated into a cultural guidebook with additional resources to ensure all Employees understood the multidimensional facets of Hawaiian culture.

Before serving routes, we planted roots through frequent scouting visits and transplanted Ground Operations Teams to set up processes and operations that would be uniquely required to serve Hawaii. About a dozen of these Southwest Employees were born and raised in Hawaii, and they helped galvanize a bond between the Southwest Family, or *Ohana*, and the strong sense of community linked by the Aloha Spirit.

[Communities](#) | [Hawaii Service Launch](#)

Del Tauaese, Southwest Maui Station Manager, returned home to espouse the Leadership characteristics he had championed for years with the Company—love, family, respect, and treating others properly—all hallmarks of Southwest Culture—all summed up in one word: *Aloha*. “It speaks directly to our core values at Southwest,” said Rob Lee, Southwest’s Honolulu Station Manager, “The Spirit of Aloha means connectedness”—fitting for an airline with a Purpose of connecting People to what’s important in their lives.



Building our Place in the Community

Southwest believes community is more than a place—it’s at the heart of what brings people together. We work hard to build relationships with community leaders in every place we serve, and Hawaii was no exception.

It was important for us to develop those relationships long before we ever started serving the Islands. Following years of research, we became acquainted in communities of Hawaii nearly a year and a half before inaugurating service in the Islands. Just like our Partners on the mainland, it’s crucial for us to get to know each individual community and understand what they really need. In Hawaii, some consistent points of passion include sustainably caring for land (*aina*), nurturing children (*keiki*) and the elderly (*kūpuna*), reducing homelessness, and protecting and preserving Hawaiian culture. Since 2017, we have invested more than \$450,000 in Hawaii community organizations supporting these areas.

Following years of listening, the time had arrived to share the Southwest “Talk Story,” a storytelling tradition.

In partnership with the Hawaii Visitor and Convention Bureau, we invited stakeholders on each island to “A Southwest Talk Story: Serving Hawaii with Heart,” where Southwest Executive Leaders shared stories about Southwest Culture, history, and our community goals. We heard from so many people about how our Culture truly aligned with the Aloha Spirit—a compliment that means so much to us!

Serving customers

The first Southwest aircraft to touch Hawaiian soil (as part of an FAA certification process for extended over-water flying) met the blessing of a *Kahu*—an honored guardian or keeper—to usher years of safe and prosperous service. On March 17, 2019, Southwest’s first Customers landed in Honolulu following an inaugural flight from Oakland that also introduced elements of Hawaii into the world’s most loved Customer Experience.

In addition to complimentary drinks always offered, Customers traveling to and from Hawaii also receive a complimentary snack bag and may order Minute Maid® Pineapple Orange Juice Blend, or they may purchase a Kona Longboard® Island Lager® or Blue Chair Bay® Coconut Spiced Rum.

Hawaii brings new relevance for the Rapid Rewards® Loyalty Program. Members enjoy travel to, from, and among the Islands with flexibility, award seat availability, and overall service that fits travel needs. In August 2019, one Southwest Customer used more than a million of his Rapid Rewards points to bring 33 of his family members to Hawaii to celebrate the remission of his cancer.



Hawaii Heart

During the summer of 2019, Southwest hosted local and tourist families in a monthly series of movie nights on Waikiki Beach. The *Sunset on the Beach* series, in partnership with the Hawai'i Tourism Authority, afforded a chance to connect local community needs with support, fortifying nonprofit organizations that work to improve communities across Hawaii. Guests of movie night voted among six nonprofit organizations (one from each island served by Southwest, plus two statewide organizations). Voters selected one organization to receive \$5,000 from Southwest, with all of the nominees receiving some financial support, a sign of the Southwest commitment of being a good neighbor.

We want to display our Heart and Fun-LUVing Attitudes to locals in Hawaii, while finding a customized way to support each of the communities across the islands we serve.

As Southwest continues to grow its footprint of service across Hawaii, the Company looks forward to learning more about, and becoming a greater part of a unique culture that embraces tradition and a history making the Aloha State one of the most special communities in the Southwest network.

Visit the winning organizations:

[Maui Ocean Center Marine Institute](#)

[Hawaiian Island Land Trust](#)

[Hawaii Youth Surfing Development Organization](#)

[Surfrider Foundation Kaua'i Chapter](#)

[Friends of NELHA](#)

[Kōkua Hawai'i Foundation](#)

Movie Night Winning Organization

\$5,000 donation

Maui Ocean Center
Marine Institute

Movie Night Runner-Up Organizations

\$2,000
donation per organization

Hawaiian Island Land Trust

Hawaii Youth Surfing
Development Organization

Surfrider Foundation
Kaua'i Chapter

Friends of NELHA

Kōkua Hawai'i Foundation



Giving Back

Wishes are more than just a nice thing. For a child with a critical illness, a wish creates an opportunity for hope and the ability to experience life beyond illness. But wishes don't just happen on their own. The Make-A-Wish® Foundation is only able to grant life-changing wishes with help and support from volunteers, donors, and other supporters.

As the Airline with Heart, our longstanding partnership with Make-A-Wish is a natural extension of our Purpose. Since 2011, we have provided thousands of Make-A-Wish families with friendly, reliable air travel by donating more than 15,000 tickets (valued at more than \$6 million). To date, these donations have helped grant more than 4,000 wishes. However, in 2019, we had an opportunity to carry our support of Make-A-Wish one step further.

Randy is a 5-year-old boy who has endured three open-heart surgeries due to a rare heart condition. His wish was to become a Southwest Airlines Mechanic. With help from our vendors and our Ground Operations and Tech Operations Employees at Los Angeles International Airport (LAX), we were able to help make his dream come true.



Alan, a LAX Mechanic, served as Randy's personal escort for the day and made sure Randy experienced everything our Mechanics do on the job. To prepare Randy for his day as a Mechanic, Alan put together a personalized toolbox—complete with real tools donated by the Spartan College of Aeronautics and Technology—and a cart Randy could use to pull it. The cart was a huge hit, and it never left Randy's side. Cintas, Southwest's apparel provider, outfitted Randy with a custom Southwest Mechanic Uniform, while LAX Operations Agent Helen Vincent tailored an existing Safety vest to fit Randy's 5-year-old frame and embroidered his name and "Aircraft Mechanic" on it.

Communities | Giving Back

Randy spent the day learning about maintenance activities like engine and tire checks, touring the maintenance shop, and hanging out with the Mechanics at LAX. We enjoyed turning Randy's dream into a reality, as the experience of a granted wish will have a lasting impression on Randy.

If you are interested in supporting Make-A-Wish (or another impactful charitable organization), join us by donating your Rapid Rewards® points through our Points for a purpose program. Since the program's inception in 2015, our amazing Customers have donated more than 8,000,000 Rapid Rewards points—helping make so many more wishes like Randy's come true. Learn more at swa.is/pointsdonation.



"I have the unique opportunity to support our longstanding partner Make-A-Wish, not only through my role at Southwest, but also by serving on their National Board of Directors. For a child with a critical illness, a wish creates an opportunity for hope and the ability to experience life beyond illness. Southwest is honored to help provide that experience and connect these children to their wishes. This partnership really helps celebrate the purpose of Southwest—connecting People to what's important in their lives."

—Linda Rutherford, Senior Vice President
and Chief Communications Officer,
Corporate Services



Southwest Airlines Charitable Grant

The original idea behind Southwest Airlines consisted of a triangle, scribbled on the back of a cocktail napkin. The three lines represented flights between three cities—Dallas, Houston, and San Antonio.

A lot has changed since then. Today we offer service to more than 100 destinations across the United States and nearby countries, and our route map has expanded much beyond that simple triangle.

But some things haven't changed. Destinations have always been more than cities where we fly—they are places where our Employees and Customers live, work, and play. We've always given back to local communities—as investing in them allows us to invest in what matters most—People.

In 2018, we launched a competitive grant round to take our community investments to another level. The funds enabling this grant program were a part of the previously announced \$5 million Southwest set aside for charitable causes as a result of the Tax Cuts and Jobs Act of 2017. The grant invested a total of \$1 million in important areas that we believe will position future generations for success—science, technology, engineering, and mathematics (STEM) education, building a resilient workforce, and leadership development. The open grant round received more than

300 applications from organizations across the country— all of whom are accomplishing meaningful community-based work. After careful deliberation, we selected 24 innovative nonprofit organizations to receive grant funding ranging from \$25,000 to \$50,000.



The grants awarded have allowed recipients to expand existing programming, grow their reach, and increase their impact. By working with these organizations, we are helping build stronger communities, advancing opportunities for personal fulfillment and professional success, and investing in the workforce of tomorrow (helping to enable a strong Employee pipeline in the years to come.)

Communities | Charitable Grant

“The Southwest charitable grant allowed us to grow our Chief Science Officer program [for students],” said Jeremy Babendure, Executive Director of SciTech Institute, one of the grant recipients. “With these funds, we can focus on expanding the project and connecting partners with our program to grow their visibility internationally and nationally.”

We are thrilled to come alongside these 24 outstanding organizations and support their work with local communities. Because we believe community is more than a place—it’s at the Heart of what brings us together.

STEM Education

- Sci Tech Institute, Phoenix, Arizona
- Louis Science Center, St. Louis, Missouri
- 100 Black Men of Atlanta, Atlanta, Georgia
- Children First Fund—The Chicago Public Schools Foundation, Chicago, Illinois
- Greater Milwaukee Committee for Community Development, Milwaukee, Wisconsin
- Girl Scouts of Northeast Texas, Dallas, Texas
- YMCA of Greater Houston, Houston, Texas
- Code Nation, New York, New York

Workforce Development

- Sword to Plowshares Veterans Rights Organization, San Francisco, California
- Career Learning and Employment Center for Vets with Disabilities, Inc., Indianapolis, Indiana
- Connections to Success, Kansas City, Missouri
- Women’s Bean Project, Denver, Colorado
- Café Momentum, Dallas, Texas
- Hallmark University Inc., San Antonio, Texas
- YouthForce NOLA, New Orleans, Louisiana
- Marriott Foundation for People with Disabilities, Inc., Atlanta, Georgia

Leadership Development

- Hispanics in Philanthropy, Oakland, California
- The Women’s Foundation of California, Oakland, California
- East Oakland Youth Development Center, Oakland, California
- San Diego MANA, San Diego, California
- Ocean Discovery Institute, San Diego, California
- Center for Asian Americans United for Self Empowerment, Burbank, California
- Arnold Air Society—Silver Wings, Tampa, Florida
- National Association for Latino Community Asset Builders, San Antonio, Texas

Looking Forward¹⁵



Human Trafficking Training

In 2019, we reiterated our commitment to combating human trafficking. One of our first steps was to educate Employees on how to better understand what human trafficking is and how to take action. We look forward to providing our Employees additional resources and training on this subject.

50 Years. One Heart!

We will be celebrating our 50th anniversary in 2021. We can't wait to recognize this milestone with our Employees, Customers, and Communities!

Deepen Community Outreach Relationships

We will continue to collaborate with various nonprofits and organizations to strengthen our community impact around the globe. These partnerships will align with our core focus areas of strategic giving and support.

People Data Table

	2019	2018	2017	2016	2015
Employees					
Active, full-time equivalent Employees at yearend ¹⁶	60,767	58,803	56,110	53,536	49,583
Employees By Gender					
Active, full-time equivalent Employees at yearend, by gender ¹⁷	57 % Male 43 % Female	57 % Male 43 % Female	58 % Male 42 % Female	57 % Male 43 % Female	NR
New Hires during the reporting period, by age and gender: under 30 years old	1,093 Male 787 Female	1,450 Male 1,038 Female	1,223 Male 940 Female	NR	NR
New Hires during the reporting period, by age and gender: 30-50 years old	1,530 Male 1,014 Female	1,871 Male 1,092 Female	1,831 Male 996 Female	NR	NR
New Hires during the reporting period, by age and gender: over 50 years old	379 Male 422 Female	444 Male 439 Female	405 Male 448 Female	NR	NR
Employees By Division¹⁸					
Flight	25,864 43 %	24,924 42 %	23,561 42 %	22,133 41 %	21,108 42 %
Maintenance	3,233 5 %	3,021 5 %	2,960 5 %	2,951 6 %	2,795 6 %
Ground, Customer, and Fleet Services	21,013 35 %	20,800 36 %	20,175 36 %	19,497 36 %	17,315 35 %
Administrative (Technology, Management, Finance, Marketing, Clerical Personnel)	10,657 17 %	10,058 17 %	9,414 17 %	8,955 17 %	8,365 17 %
Benefits					
Active and inactive Employees who participate in benefits program	More than 64,800	More than 62,800	More than 59,800	More than 56,300	More than 52,000
Employee benefit programs excluding 401(k) and ProfitSharing plans and share-based compensation (accrued) ¹⁹	More than \$ 1.3 billion	More than \$ 1.2 billion	More than \$ 1.1 billion	More than \$ 1.0 billion	More than \$ 950 million
401(k) savings plan participation	91 %	91 %	91 %	92 %	92 %
ProfitSharing Plan participation	All eligible Employees	All eligible Employees	All eligible Employees	All eligible Employees	All eligible Employees
Company contributions to 401(k) and ProfitSharing plans	\$ 1.2 billion	\$ 1.0 billion	\$ 1.0 billion	\$ 937 million	\$ 945 million

People Data Table

	2019	2018	2017	2016	2015
Training					
Pilot hours	482,473	543,360	582,535	457,563	476,272
Flight Attendant hours	427,705	442,807	354,942	443,295	241,900
Maintenance hours	165,630	166,324	140,068	147,312	148,281
Customer Support and Services hours	134,783	181,670	255,106	175,447	214,745
Ground Operations hours	887,627	737,256	740,285	730,088	656,365
Safety and Security hours (all Employees)	More than 780,000	More than 820,000	More than 660,000	More than 811,000	More than 800,000
Customers					
External Customer commendations	More than 88,000	More than 96,000	More than 107,000	More than 105,000	More than 89,000
Ratio of external Customer commendations to personnel complaints ²⁰	3:1	3:1	4:1	3:1	2:1
American Customer Satisfaction Index (ACSI)	79	80	80	80	78
U.S. Department of Transportation (DOT) Customer Satisfaction rating (consumer complaints per 100,000 enplanements) ²¹	0.33	0.36	0.47	0.47	0.52
Percentage of reported flight operations arriving ontime	80.2	79.2	78.7	80.8	79.7
Number of mishandled bags reported per 1,000 enplaned bags ²²	4.40	4.68	4.50	NR	NR
Passengers denied boarding per 10,000 Passengers	0.19	0.15	0.53	0.99	1.08
Communities					
Donation requests received systemwide	18,456	17,243	17,032	15,237	14,995
Tickets donated	45,301	50,060	50,586	53,291	38,936
Total monetary donations	\$ 5,843,946	\$ 4,581,579	\$ 13,390,938	\$ 3,280,307	\$ 3,258,761
Total corporate monetary, in-kind, and ticket donations	\$ 24,306,076	\$ 25,235,753	\$ 37,043,294	\$ 25,324,794	\$ 19,571,177
Monies raised through official Southwest fundraising efforts	\$ 800,000	\$ 950,000	\$ 500,000	\$ 675,000	\$ 675,000
Employee volunteer hours	More than 200,000	Nearly 190,000	More than 180,000	Nearly 150,000	More than 145,000
Value of Employee volunteer hours ²³	More than \$ 5,800,000	More than \$ 4,800,000	More than \$ 4,300,000	More than \$ 3,500,000	Nearly \$ 3,500,000
Social Management Approach					
Employees represented by unions	Approximately 83 %	Approximately 83 %	Approximately 83 %	Approximately 83 %	Approximately 83 %
Employee human rights training hours	More than 53,500	More than 44,000	More than 39,000	More than 51,000	More than 22,000
Employees trained on human rights	48.9 %	43.9 %	40.4 %	44.4 %	36.1 %
Employees and business associates who acknowledged the Code of Ethics	More than 64,000	More than 64,000	More than 63,000	More than 59,000	More than 53,500

47 Consecutive Years of Profitability —A Record Unmatched in Aviation History

Key Accomplishments	48
Economic Performance	49
Growing Our Robust Network	58
Looking Forward	65
Performance Data Table	66

Our operational and financial performances in 2019 were truly remarkable considering the significant challenges we faced due to the grounding of the Boeing 737 MAX 8 aircraft. Our enduring financial strength and preparedness for unexpected challenges allowed for sustained high levels of profits, earnings per share, returns on capital, cash flows, and returns to Shareholders; continued capital investments and growth in California and Hawaii; and job security for our resilient Employees. Our People performed superbly and delivered industry-leading Customer Service,²⁴ record annual operating revenues, prudent cost control, our best operational performance in years, and our 47th consecutive year of profitability. Read the stories in this section for a more detailed look at our financial and operational performance.



KEY ACCOMPLISHMENTS

47 years



2019 was our **47th consecutive** year of profitability.



Launched service to

four

destinations in Hawaii

Number One

#1 Marketing Carrier in **Customer Satisfaction** per the U.S. Department of Transportation (DOT) data.²⁵



“Our 47 consecutive years of profitability is a record unmatched in aviation history, and that exemplifies consistency and stability for our Employees, Customers, and Shareholders. We have grown responsibly over the past decade—growing our Employees, fleet, markets served, profits, earnings per share, returns on capital, and cash flow—all while preserving great Customer Service, low costs, and low fares. Our preparedness in the good times served us well as we produced remarkable financial results in 2019, despite the negative impacts from the MAX groundings. We remain focused on a balanced approach to invest in our Company, sustain our profitability, conserve natural resources, and give back to the communities where we work and live.”²⁶

—Ryan Martinez, Managing Director Investor Relations



KEY TOPIC

Economic Performance

Despite the challenges from the MAX groundings,²⁷ Southwest had a remarkable 2019 financial performance, delivering its 47th consecutive year of profitability. Preparedness has always been a strength of Southwest, and once again it was prepared with ample cash, modest debt, sensible financial commitments, and low operating costs. Although we had to make some adjustments to our plans in 2019, this preparedness allowed us to stay the course on capital projects and investments; launch service to Hawaii; continue our focus on outstanding Customer Service; and run a safe, efficient, and reliable operation. We generated record operating revenues, record earnings per diluted share, excluding special items,²⁸ and accrued a record profitsharing benefit for our Employees.



22.9%
ROIC

Sustained Returns

We delivered another year of strong annual pre-tax return on invested capital (ROIC)²⁹ performance in 2019, and 17.8 percent after-tax.



83.5%

annual load factor

Strong Demand

Demand for our low fares remained strong in 2019, and our annual load factor³⁰ remained high.

STORIES

[2019 Financial Results](#)[Reporting on Business Performance](#)[A Decade of Consistent Performance](#)[Southwest's Low-Cost Business Model](#)[Southwest's Rapid Rewards® Loyalty Program](#)



2019 Financial Results

We had a significant reduction in planned flights during 2019 due to the unexpected MAX groundings³¹ beginning in March 2019, resulting in a year-over-year available seat mile (ASMs, or capacity)³² decline of 1.6 percent, compared with plans to grow nearly five percent. Despite the challenges from the MAX groundings, we had a remarkable 2019 financial performance, delivering our 47th consecutive year of profitability, as well as a record \$667 million profitsharing benefit for our Employees.

The economy was stable and travel demand was solid in 2019. In part due to our revenue management enhancements implemented in 2018, we generated record operating revenues of \$22.4 billion in 2019, along with record earnings per diluted share, excluding special items,³³ of \$4.27. Our 2019 unit revenues (operating revenues divided by ASMs) were a record 14.26 cents, and showed strong year-over-year growth, up 3.7 percent, which included an approximate one-point year-over-year benefit as a result of lower capacity due to the MAX groundings.

While the revenue environment was strong in 2019, the lower capacity due to the MAX groundings resulted

in a significant negative impact to unit costs. Our 2019 unit costs (operating costs divided by ASMs, excluding fuel and oil expense, special items, and profitsharing expense) increased to 9.19 cents, a 7.7 percent increase, year-over-year, which included an approximate five-point year-over-year negative impact as a result of lower capacity due to the MAX groundings. This is not surprising given our fixed cost base and our overstaffed workforce relative to the reduced flight activity. We consumed fewer gallons of fuel due to lower flight activity, and realized the benefit of lower fuel costs per gallon in 2019, down 5.0 percent year-over-year; however, our fuel efficiency (ASMs per gallon) declined 0.8 percent year-over-year due to the absence of the MAX, our most fuel-efficient aircraft from our flight schedules.

Our liquidity and cash flows remained very strong. As of December 31, 2019, we had \$4.1 billion in unrestricted core cash and short-term investments, and a fully available \$1.0 billion line of credit. We generated \$4.0 billion in cash flow from operations in 2019, and as a result of suspended delivery payments to The Boeing Company (Boeing) due to the MAX groundings, free cash flow³⁴ was a record \$3.4 billion. We ended the year with debt (including the net present value of aircraft rentals related to operating leases) to average invested capital, or leverage, of 24 percent, an all-time low, and the strongest balance sheet in our history, with an investment-grade rating by all three credit agencies.

Sharing Our Success



More than
\$24 million
total corporate donations
(monetary and in-kind
ticket donations)



\$2.4 billion

in Shareholder
returns



\$667 million
record Employee
ProfitSharing



Reporting on Business Performance

Southwest's Annual Report to Shareholders includes an opening letter from Gary Kelly, Chairman of the Board and Chief Executive Officer, and provides an overview of our business and financial performance in 2019. It also includes a discussion of our business, risks, Management's discussion and analysis of Southwest's financial condition and results of operations, and audited financial statements.

Read our 2019 Annual Report [here](#).

Southwest's Proxy Statement is provided to Shareholders in advance of the Annual Meeting of Shareholders. It contains Shareholder proposals as well as Executive compensation information.

View the complete 2020 Proxy Statement [here](#).

Our 2019 Performance: At a Glance

47th

consecutive year
of profitability



Annual
pre-tax ROIC of
22.9%, or 17.8%
on an after-tax
basis³⁵

Annual
net income of
\$2.3 billion



Record yearend cash
and short-term
investments of
\$4.1 billion

Operating
cash flow of
\$4.0 billion



Record free
cash flow of
\$3.4 billion³⁶

134M+
Passengers carried



60,000+
Full-time Employees

747
Boeing 737 aircraft



101
Destinations served

A Decade of Consistent Performance

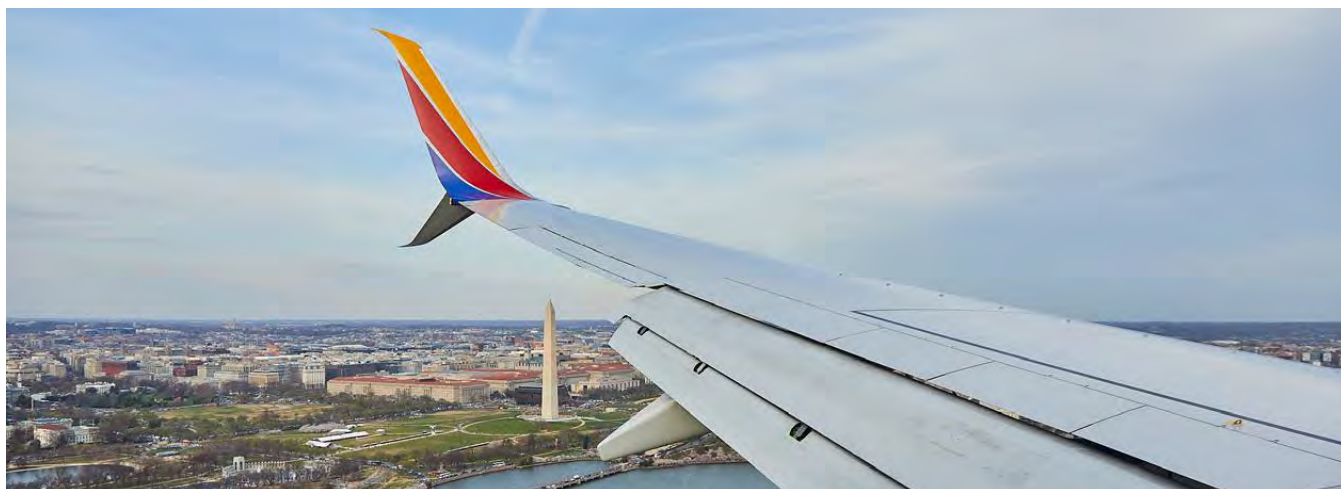
Our Ten-Year Summary tells a story of consistent profitable performance.

Ten-Year Summary

(Dollars in millions except per share amounts, unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Selected Consolidated Financial Data										
Operating revenues:										
Passenger	\$ 20,776	\$ 20,455	\$ 19,763	\$ 19,068	\$ 18,299	\$ 17,658	\$ 16,721	\$ 16,093	\$ 14,754	\$ 11,489
Freight	172	175	173	171	179	175	164	160	139	125
Special revenue adjustment	-	-	-	-	172	-	-	-	-	-
Other	1,480	1,335	1,210	1,050	1,170	772	814	835	765	490
Total operating revenues	22,428	21,965	21,146	20,289	19,820	18,605	17,699	17,088	15,658	12,104
Operating expenses	19,471	18,759	17,739	16,767	15,821	16,437	16,478	16,502	15,074	11,252
Operating income	2,957	3,206	3,407	3,522	3,999	2,168	1,221	586	584	852
Other expenses (income), net	-	42	142	72	520	352	12	(99)	261	107
Income before income taxes	2,957	3,164	3,265	3,450	3,479	1,816	1,209	685	323	745
Provision (benefit) for income taxes	657	699	(92)	1,267	1,298	680	455	264	145	286
Net income	\$ 2,300	\$ 2,465	\$ 3,357	\$ 2,183	\$ 2,181	\$ 1,136	\$ 754	\$ 421	\$ 178	\$ 459
Net income per share, basic	\$ 4.28	\$ 4.30	\$ 5.58	\$ 3.48	\$ 3.30	\$ 1.65	\$ 1.06	\$ 0.56	\$ 0.23	\$ 0.62
Net income per share, diluted	\$ 4.27	\$ 4.29	\$ 5.57	\$ 3.45	\$ 3.27	\$ 1.64	\$ 1.05	\$ 0.56	\$ 0.23	\$ 0.61
Cash dividends per common share	\$ 0.7000	\$ 0.6050	\$ 0.4750	\$ 0.3750	\$ 0.2850	\$ 0.2200	\$ 0.1300	\$ 0.0345	\$ 0.0180	\$ 0.0180
Total assets at period-end	\$ 25,895	\$ 26,243	\$ 25,110	\$ 23,286	\$ 21,312	\$ 19,723	\$ 19,177	\$ 18,350	\$ 17,805	\$ 15,249
Long-term obligations at period-end	\$ 1,846	\$ 2,771	\$ 3,320	\$ 2,821	\$ 2,541	\$ 2,434	\$ 2,191	\$ 2,883	\$ 3,107	\$ 2,875
Stockholders' equity at period-end	\$ 9,832	\$ 9,853	\$ 9,641	\$ 7,784	\$ 7,358	\$ 6,775	\$ 7,336	\$ 6,992	\$ 6,877	\$ 6,237

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Consolidated Financial Ratios										
Return on average total assets	8.8 %	9.6 %	13.9 %	9.8 %	10.6 %	5.8 %	4.0 %	2.3 %	1.1 %	3.1 %
Stockholders' equity per common share O/S	\$ 18.94	\$ 17.83	\$ 16.38	\$ 12.65	\$ 11.36	\$ 10.03	\$ 10.47	\$ 9.57	\$ 8.90	\$ 8.35
Operating margin	13.2 %	14.6 %	16.1 %	17.4 %	20.2 %	11.7 %	6.9 %	3.4 %	3.7 %	7.0 %
Net margin	10.3 %	11.2 %	15.9 %	10.8 %	11.0 %	6.1 %	4.3 %	2.5 %	1.1 %	3.8 %
Enplaned passengers (000s)	162,681	163,606	157,677	151,740	144,575	135,767	133,155	133,978	127,551	106,228
RPMs (in millions) ³⁷	131,345	133,322	129,041	124,798	117,500	108,035	104,348	102,875	97,583	78,047
ASMs (in millions) ³⁸	157,254	159,795	153,811	148,522	140,501	131,004	130,344	128,137	120,579	98,437
Passenger load factor ³⁹	83.5 %	83.4 %	83.9 %	84.0 %	83.6 %	82.5 %	80.1 %	80.3 %	80.9 %	79.3 %
Average length of passenger haul (miles)	980	988	991	1,001	994	978	966	941	939	885
Average stage length (miles) ⁴⁰	748	757	754	760	750	721	703	693	679	648
Aircraft utilization (hours and minutes per day)	11:10	11:10	11:11	11:08	11:13	10:54	10:45	10:55	11:10	10:48
Trips flown	1,367,727	1,375,030	1,347,893	1,311,149	1,267,358	1,255,502	1,312,785	1,361,558	1,317,977	1,114,451
Average passenger fare ⁴¹	\$ 154.98	\$ 151.64	\$ 151.73	\$ 152.89	\$ 154.85	\$ 159.80	\$ 154.72	\$ 147.17	\$ 141.90	\$ 130.27
Passenger revenue yield per RPM ⁴²	15.82 ¢	15.34 ¢	15.32 ¢	15.28 ¢	15.57 ¢	16.34 ¢	16.02 ¢	15.64 ¢	15.12 ¢	14.72 ¢
Operating revenue yield per ASM ⁴³	14.26 ¢	13.75 ¢	13.75 ¢	13.66 ¢	13.98 ¢	14.20 ¢	13.58 ¢	13.34 ¢	12.99 ¢	12.30 ¢
Operating expenses per ASM ⁴⁴	12.38 ¢	11.74 ¢	11.53 ¢	11.29 ¢	11.26 ¢	12.55 ¢	12.64 ¢	12.88 ¢	12.50 ¢	11.43 ¢
Operating expenses per ASM, excluding fuel	9.62 ¢	8.85 ¢	8.88 ¢	8.73 ¢	8.60 ¢	8.46 ¢	8.17 ¢	8.07 ¢	7.73 ¢	7.62 ¢
Fuel cost per gallon, including tax	\$ 2.09	\$ 2.20	\$ 1.99	\$ 1.90	\$ 1.96	\$ 2.97	\$ 3.19	\$ 3.32	\$ 3.25	\$ 2.61
Fuel consumed, in gallons (millions)	2,077	2,094	2,045	1,996	1,901	1,801	1,818	1,847	1,764	1,437
Active, full-time equivalent Employees at yearend ⁴⁵	60,767	58,803	56,110	53,536	49,583	46,278	44,831	45,861	45,392	34,901
Aircraft at yearend	747	750	706	723	704	665	681	694	698	548



Southwest's Low-Cost Business Model

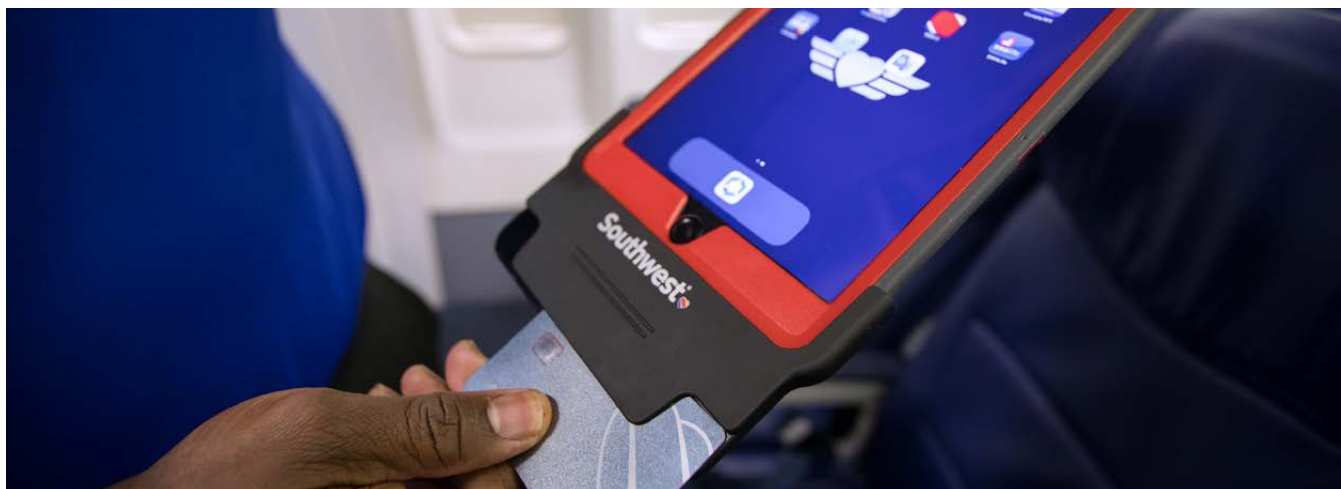
Southwest is a high-quality, low-cost, growth airline with the nation's largest point-to-point route network. A key component of our business strategy is our focus on cost discipline and efficiency, which allows us to profitably offer low fares. Adjusted for stage length, the Company has lower unit costs, on average, than the majority of the largest domestic carriers.

Our low-cost strategy includes among other elements, the use of a single aircraft type (the Boeing 737), our operationally efficient point-to-point route network, and our highly productive Employees. The use of a single aircraft type allows for simplified scheduling, maintenance, flight operations, and training activities. Our point-to-point route structure includes service to and from many secondary or downtown airports such as Dallas Love Field, Houston Hobby, Chicago Midway, Baltimore-Washington International, Burbank, Manchester, Oakland, San Jose, Providence, and Ft. Lauderdale-Hollywood. These conveniently located airports are typically less congested than other airlines' hub airports, which has contributed to Southwest's ability to achieve high asset utilization—aircraft can be scheduled to minimize the amount of time they

are on the ground. This in turn has reduced the number of aircraft and gate facilities that would otherwise be required, and allows for high asset utilization. In 2019, Southwest flew more nonstop routes and operated more flights per aircraft daily than any other major carrier.⁴⁶ Even so, we expect to make further operational investments over the next several years designed to further improve our efficiency.⁴⁷

Our focus on controlling costs also includes a continued commitment to pursuing, implementing, and enhancing initiatives to reduce fuel consumption and improve fuel efficiency. One of the ways we are reducing fuel consumption and improving fuel efficiency is through fleet modernization. We previously accelerated the retirement of all Boeing 737-300 and 737-500 aircraft from our fleet and introduced service with the 737 MAX 8 aircraft, which is 14 percent more fuel-efficient and releases fewer CO₂ emissions than our other aircraft. However, the MAX groundings resulted in the removal of these more fuel-efficient aircraft from our schedule, which in turn decreased our overall fuel efficiency in 2019 0.8 percent year-over-year.

Our low-cost structure has historically been one of our primary competitive advantages, as it has enabled us to offer low fares, drive traffic volume, grow market share, and protect profits.



Southwest's Rapid Rewards® Loyalty Program

At Southwest, we believe a loyalty program should be easy to use and understand, flexible, and provide value to our Customers and the Company. Earning points through Southwest's Rapid Rewards Loyalty Program is simple through air travel, when utilizing Southwest's other travel partners, and for everyday shopping. And with the best award seat availability⁴⁸—Members have the freedom to enjoy their points how and when they want. For 2019, Members redeemed approximately 10.7 million flight awards, accounting for approximately 14.1 percent of revenue passenger miles⁴⁹ flown.

Main Advantages of Rapid Rewards

- Earning points is easy
- Unlimited reward seats are available
- No blackout dates for travel
- Points don't expire
- Redeemable for flights and more⁵⁰

Rapid Rewards Members Agree; Award-Winning Program

In 2019, Rapid Rewards was recognized for the seventh year in a row for having the highest award seat availability of any U.S. airlines loyalty program.⁵¹

Also, Rapid Rewards is consistently recognized by the *Freddie Awards*.⁵² For the sixth year in a row, Rapid Rewards won the award for Best Customer Service. It also received the distinction of Program of the Year for the third year in a row, and Best Co-Branded Credit Card and Best Redemption for the second year in a row.

Economic Performance | Southwest's Rapid Rewards® Loyalty Program

Loyalty and Rapid Rewards Enable Durable, Increasing Revenue Stream

Rapid Rewards has strong brand strength and steady program membership growth. The majority of Passengers on Southwest flights are Rapid Rewards Members. This growing membership level enables us to communicate in unique and personalized ways along Members' journeys. Whether it is information about their trip or a new way to earn or redeem points, the value that Rapid Rewards provides its Members and the Company has increased each year.

Our strong partnership with Chase continues to drive growth in high margin ancillary revenue. Chase and Rapid Rewards have developed a portfolio of cards with benefits for every kind of Member. Because of the value of Rapid Rewards points, and how easy it is to make an award booking, it is no wonder our card member program growth and its economic contribution to Southwest continue to perform well. We believe Rapid Rewards is a long-term, successful loyalty program for both Southwest and its Customers.

Because of the value of Rapid Rewards points, and how easy it is to make an award booking, it is no wonder our card member program growth and its economic contribution to Southwest continue to perform well.



"At Southwest Airlines, our Customers are the reason we fly. Our award-winning Loyalty Program is designed with our Rapid Rewards® Members' satisfaction in mind. We are proud to offer Members flexibility, plenty of award seat availability, and the best overall service to fit their travel needs—and Rapid Reward points never expire!"

—Ryan Green, Senior Vice President and Chief Marketing Officer, Marketing



KEY TOPIC

Growing Our Robust Network

Southwest Airlines offers friendly, reliable, and low-cost air travel, and as a result, remains the largest domestic carrier in the United States.⁵³ Southwest is the leader in 24 of the top 50 U.S. metro areas,⁵⁴ and we served 99 of the top 100 domestic origin and destination pairs, including co-terminal airports.⁵⁵

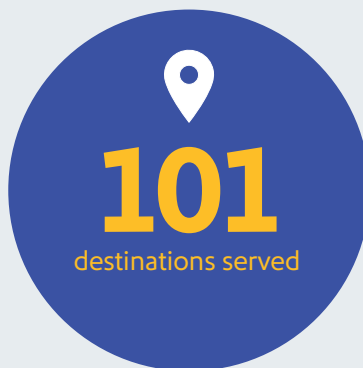
With a point-to-point network allowing for more direct routing, approximately 77 percent of our Customers flew nonstop during 2019, and as of Dec. 31, 2019, we served 720 nonstop city pairs, the most of any domestic airline.⁵⁶ Our available seat miles⁵⁷ (capacity) decreased 1.6 percent in 2019 year-over-year, which was significantly lower than our original plan to grow capacity nearly five percent, due to the impact of the MAX groundings and resulting fleet deficit.⁵⁸

STORIES

[The Fleet](#)[The Boeing 737 MAX](#)[Hawaii](#)

Largest Domestic Carrier

Southwest has 22 percent market share.



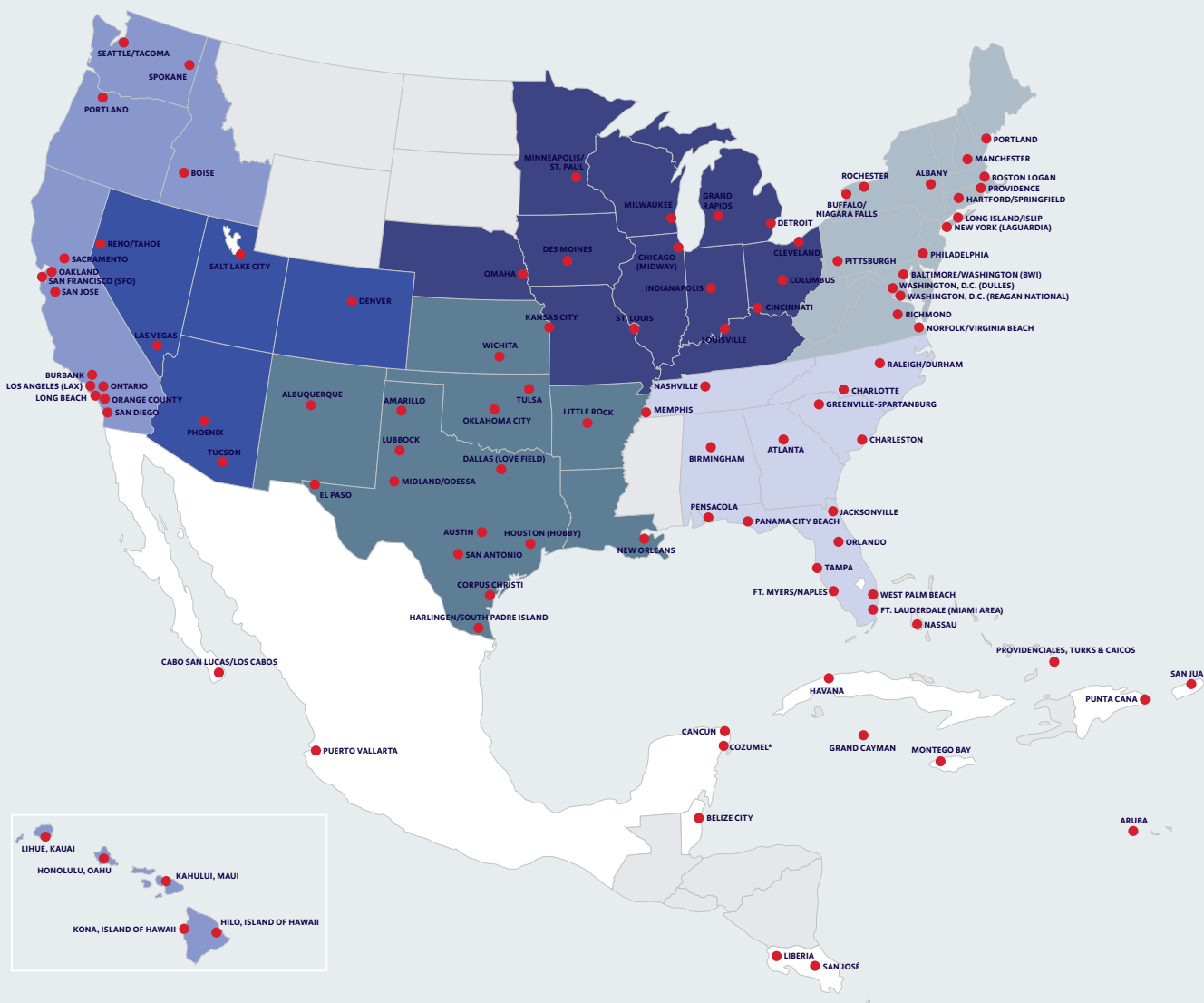
Domestic and International

We served 101 destinations in 11 countries.

System Map

(as of Dec. 31, 2019)

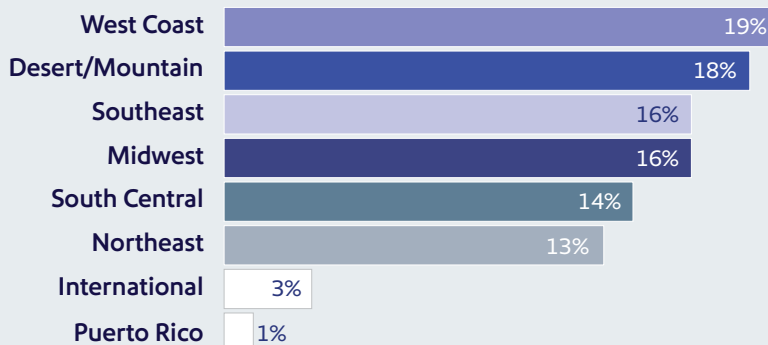
View our route search tool for our most current list of destinations at:
www.southwest.com/routemap



*Subject to requisite governmental authorization, service to Cozumel from Houston Hobby is intended to begin in first quarter 2020.

Capacity by Region

(as of Dec. 31, 2019)



Top 10 Airports

(daily departures on a representative day in December 2019)

1	BWI: 224 Baltimore-Washington	6	HOU: 163 Houston Hobby
2	MDW: 218 Chicago Midway	7	PHX: 163 Phoenix
3	DEN: 214 Denver	8	OAK: 126 Oakland
4	DAL: 195 Dallas Love Field	9	MCO: 120 Orlando
5	LAS: 164 Las Vegas	10	SAN: 115 San Diego

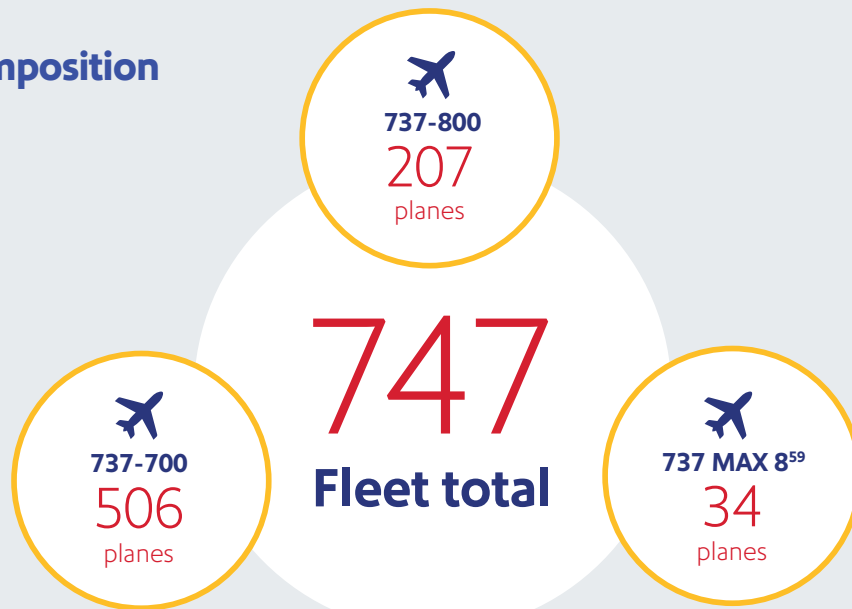
Growing Our Robust Network | The Fleet



The Fleet

We ended the year with 747 Boeing 737 aircraft in our fleet. We have the largest Boeing fleet in the world.

Fleet Composition



Growing Our Robust Network | The Boeing 737 MAX



The Boeing 737 MAX

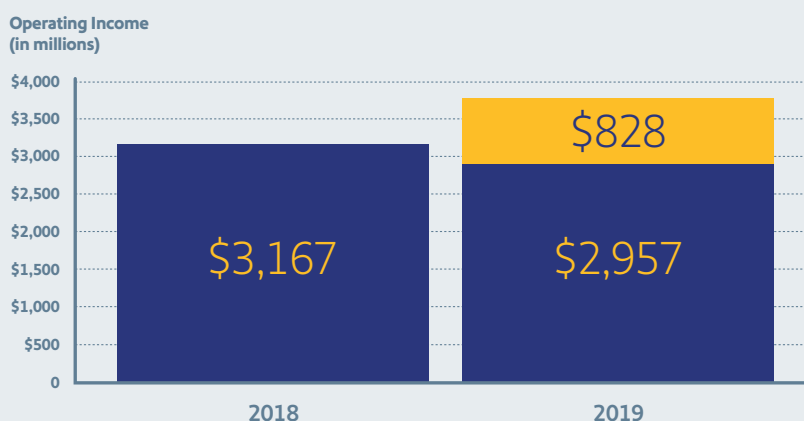
We view the Boeing 737 MAX aircraft as our growth aircraft for the future. As compared with the prior generation of 737 aircraft, the MAX provides increased range, the Boeing Sky Interior (similar to the 737-800s), improved cockpit capabilities, a quieter engine, and it is approximately 14 percent more fuel efficient than the 737-800 aircraft, and approximately 20 percent more fuel efficient than the 737-300 aircraft (Classics).⁶⁰

On March 13, 2019, the Federal Aviation Administration (FAA) issued an emergency order for all U.S. airlines to ground all Boeing 737 MAX aircraft. The MAX groundings reduced operating income an estimated \$828 million during 2019. Our business model—preparing in the good times for the bad—has protected us throughout our history and has once again held true in 2019.

As of March 2020, The Boeing Company (Boeing) estimated that the ungrounding of the MAX will occur in mid-2020. Upon a rescission of the FAA order to ground the MAX fleet, we will initially focus on safely reintroducing the 34 MAX 8 aircraft currently in our fleet, as well as taking

Operating Income (excluding special items⁶¹)

■ Operating Income
■ Estimated MAX Impact⁶²



Growing Our Robust Network | The Boeing 737 MAX

delivery of 27 MAX 8 aircraft currently produced and being held in storage by Boeing. One of our most significant cost initiatives is modernizing our fleet.

At the end of 2019, we reached a confidential agreement with Boeing for compensation related to estimated 2019 financial damages due to the MAX groundings. The compensation from Boeing will be accounted for as a reduction in the purchase price of currently owned MAX aircraft and future MAX firm orders, which reduces property and equipment on our balance sheet and will result in

lower depreciation expense over the useful life of the aircraft. In light of this agreement, our Board of Directors authorized an incremental \$124 million profitsharing award during fourth quarter 2019, resulting in a record \$667 million annual 2019 profitsharing accrual for our Employees.

While we are pleased with the Boeing agreement for 2019, we have incurred financial damages in 2020, and will continue discussions with Boeing regarding further compensation.





Hawaii

We were thrilled to launch service to Hawaii on Mar. 17, 2019, and interisland service on Apr. 28, 2019, bringing Bay Area Customers access to Hawaii with Southwest's low fares, and receiving a tremendously warm welcome from communities across Hawaii.

Our Hawaii launch had an exceptional start, exceeding early expectations. The initial flights sold out before the related news release even went out to Customers! Feedback from our Customers has been encouraging. Their satisfaction with our inflight experience is higher than the rest of our system.

While the 2019 grounding of the MAX paused our network expansion plans, we remained focused on launching and developing Hawaii by funding growth from other parts of our route network. We grew our Hawaii service to more than one million Customers in just over nine months. We look forward to bringing the MAX to Hawaii eventually, to realize cost efficiencies that come with the more efficient and quieter aircraft. In the meantime, we continue serving Hawaii with the Boeing 737-800.

Demand for Southwest service to, from, and within Hawaii in 2019 was robust from the start with load factors⁶³ exceeding our system average in 2019, and with many of those Customers starting or containing their journeys in the Islands. We are very pleased with the strength of Customer demand for our service in Hawaii.

Our three gateways from California are Oakland Metropolitan Airport, Mineta San Jose International Airport, and Sacramento International Airport. As of February 2020, the airports Southwest served in Hawaii included Daniel K. Inouye International Airport in Honolulu, Kahului Airport on Maui, Lihue Airport on Kauai, Ellison Onizuka Kona International Airport at Keahole, and Hilo International Airport on the Island of Hawaii.

As of September 30, 2019, customers were up 18 percent with fares down 15 percent on the mainland routes we served (compared to the marketplace before Southwest entered with service), and customers were up 10 percent with fares down 17 percent on interisland routes we served.⁶⁴ In 2019, we created Customer demand, grew the market, and lowered fares—the classic Southwest Effect.

Looking Forward⁶⁵



Boeing 737 MAX

Safely reintroduce the Boeing 737 MAX to service. The 737 MAX is our growth aircraft for the future, and provides a 14 percent fuel efficiency improvement versus the previous generation.

Fleet

Based on our evaluation of future passenger demand and future MAX deliveries, we are eager to reintroduce the 737 MAX to our fleet. We have flexibility to increase our fleet or accelerate the retirement of our 737-700 aircraft to manage our fleet size.

Route Network

Restore and optimize our route network. We believe we have long-term opportunities to add over 50 new destinations to our route network.

Capital Projects

We intend to continue investing in our Company to enable future growth and scale based on resources and Company priorities.

MAX Damages

Settle with The Boeing Company on 2020 MAX damages.

Performance Data Table

Consolidated Highlights

(Dollars in millions except per share amounts, unaudited)

Year ended Dec. 31,	2019	2018	Change
Operating revenues	\$ 22,428	\$ 21,965	2.1 %
Operating expenses	\$ 19,471	\$ 18,759	3.8 %
Operating income	\$ 2,957	\$ 3,206	(7.8) %
Operating margin	13.2 %	14.6 %	(1.4) pts.
Net income	\$ 2,300	\$ 2,465	(6.7) %
Net margin	10.3 %	11.2 %	(0.9) pts.
Net income per share - basic	\$ 4.28	\$ 4.30	(0.5) %
Net income per share - diluted	\$ 4.27	\$ 4.29	(0.5) %
Stockholders' equity	\$ 9,832	\$ 9,853	(0.2) %
Return on average stockholders' equity	23.4 %	25.3 %	(1.9) pts.
Stockholders' equity per common share outstanding	\$ 18.94	\$ 17.83	6.2 %
Revenue passengers carried (000s)	134,056	134,890	(0.6) %
Revenue passenger miles (RPMs) (millions) ⁶⁶	131,345	133,322	(1.5) %
Available seat miles (ASMs) (in millions) ⁶⁷	157,254	159,795	(1.6) %
Passenger load factor ⁶⁸	83.5 %	83.4 %	0.1 pts.
Passenger revenue yield per RPM ⁶⁹	14.82 ¢	15.34 ¢	(3.4) %
Operating revenue yield per ASM ⁷⁰	14.26 ¢	13.75 ¢	3.7 %
Operating expenses per ASM ⁷¹	12.38 ¢	11.74 ¢	5.5 %
Aircraft at yearend	747	750	(0.4) %
Active, full-time equivalent Employees at yearend ⁷²	60,767	58,803	3.3 %

Performance Data Table

Reconciliation of Reported Amounts to Non-GAAP Items⁷³*(Dollars in millions, unaudited)*

Year ended Dec. 31,	2019	2018
Operating income, as reported	\$ 2,957	\$ 3,206
Deduct: Contracts settling in the current period, but for which the impact has been recognized in a prior period ⁷⁴	-	(14)
Deduct: Gain on sale of retired Boeing 737-300 aircraft	-	(25)
Operating income, excluding special items	\$ 2,957	\$ 3,167
Net income, as reported	\$ 2,300	\$ 2,465
Deduct: Contracts settling in the current period, but for which the impact has been recognized in a prior period ⁷⁵	-	(14)
Deduct: Gain on sale of retired Boeing 737-300 aircraft	-	(25)
Add: Net income tax impact of special items ⁷⁶	-	9
Net income, excluding special items	\$ 2,300	\$ 2,435
Net income per share, diluted, as reported	\$ 4.27	\$ 4.29
Deduct: Impact from fuel contracts	-	(0.02)
Deduct: Impact of special items	-	(0.04)
Add: Net income tax impact of special items ⁷⁷	-	0.01
Net income per share, diluted, excluding special items	\$ 4.27	\$ 4.24

Non-GAAP Return on Invested Capital (ROIC)⁷⁸*(Dollars in millions, unaudited)*

Year ended Dec. 31,	2019
Operating income, as reported	\$ 2,957
Net adjustment for aircraft leases ⁷⁹	120
Adjusted Operating income, non-GAAP (A)	\$ 3,077
Non-GAAP tax rate (B)⁸⁰	22.2 %
Net operating profit after-tax, NOPAT (A * (1-B) = C)	\$ 2,394
Debt, including finance leases ⁸¹	\$ 3,070
Equity ⁸²	9,869
Net present value of aircraft operating leases ⁸³	512
Average invested capital	\$ 13,451
Equity adjustment for hedge accounting ⁸⁴	2
Adjusted average invested capital (D)	\$ 13,453
Non-GAAP ROIC, pre-tax (A/D)	22.9 %
Non-GAAP ROIC, after-tax (C/D)	17.8 %

Attending to the Planet

Key Accomplishments	69
Energy Use	70
Waste	78
Environmental Stewardship	81
Looking Forward	84
Planet Data Table	85

During peak travel season, we operate more than 4,000 flights a day. These flights are supported by a Team of more than 60,000 Southwest Cohearts in destinations throughout the United States and surrounding regions. The size and scale of our operations present us with an exciting opportunity. Every single improvement we make in energy efficiency, waste reduction, or conservation is amplified by the size of our business. By acting as good environmental stewards, we can take meaningful steps to preserve the Planet for current and future generations.

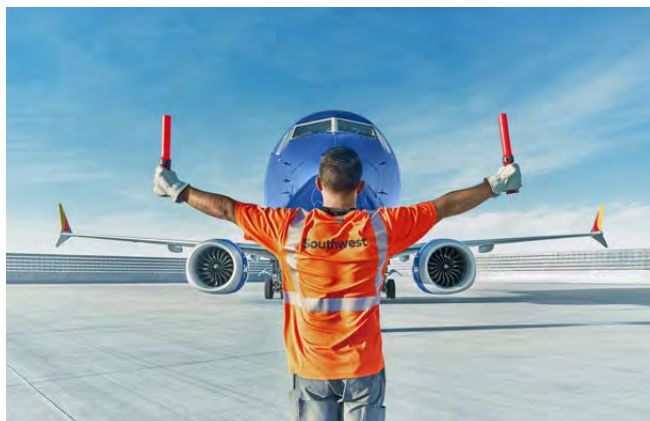


KEY ACCOMPLISHMENTS

Nearly 50%



We have **improved jet fuel efficiency by nearly 50 percent** on a revenue ton mile (RTM)⁸⁵ basis since 2000.



2,426 tons

In 2019, we recycled **2,426 tons of material**, an effort that directly reduces our impact on landfills.



“It’s no secret Southwest has a Heart for the Planet and works hard on our conservation efforts—helping to protect the environment for future generations to come. Our Purpose and Vision drive us to do right by the environment and respect our natural resources. As part of those efforts, there is a continued focus on developing and maintaining a sustainable supply chain. We are proud of our accomplishments to date and strive for even more. We know doing the right thing is about being good environmental stewards, and what is good for our business is also good for our Planet.”

—Stacy Malphurs, Vice President Supply Chain Management



KEY TOPIC

Energy Use

We believe that what works well for Southwest can also work for our Planet. We're always working to bring energy efficiency at Southwest to new heights, because using energy wisely helps us in a myriad of ways: we can save money by using fewer natural resources, serve our Customers by keeping our fares low, and help protect our Planet for generations to come. It's an obvious choice for us that we can do well, by doing good.⁸⁶

STORIES

[Building Performance](#)[Fuel Efficiency](#)[Greenhouse Gas Emissions](#)

More than
**\$620
million**
invested

Smart Investments

Southwest has invested more than \$620 million in fuel efficiency improvements since 2002.

Over
**7 million
gallons**
saved

Fuel and Flight Planning Initiatives

Through our fuel and flight planning initiatives, we saved over 7 million gallons of fuel in 2019.



Building Performance

Demand Response: Bringing Stability to the Texas Electric Grid

If you've ever been to Dallas during the summer, you already know that it gets *hot*. When temperatures climb, Dallas-area residents (understandably) crank up their air conditioners. But A/Cs use a lot of energy, and a sharp uptick in energy use can strain the regional power grid—increasing the risk of brownouts, blackouts, and other service disruptions.

To avoid such situations, the wholesale electric grid in Texas (ERCOT) has implemented a program called Demand Response to alleviate electrical grid congestion during times of peak consumption. When ERCOT determines that the grid is nearing brownout or blackout conditions, Demand Response encourages commercial customers to reduce electricity use, helping the grid remain stable. By participating in this program, Southwest is helping reduce the number of peak load generation plants that have to be built.

Southwest is helping reduce the number of peak load generation plants that have to be built.

Demand Response and Southwest

Southwest began to participate in Demand Response at our Dallas campus in 2017. When ERCOT calls a Demand Response event, we activate a sophisticated network of automated controls which temporarily shift HVAC settings across approximately 2.4 million-square-feet of our headquarters to ease our burden on the grid. In the event that we need more power, our Demand Response system also includes EPA-compliant back-up generators. We can't permanently reduce power to HVAC units—at some point, our work environment would become uncomfortable for our Employees. But Demand Response allows us to reduce energy use long enough to help ERCOT get through periods of peak demand.

Energy Use | Building Performance

ERCOT's Demand Response program requires customers to pass an annual performance test to remain compliant. Prior to 2019, we passed each annual test but were never called upon for Demand Response. Then during the week of Aug. 12th, 2019, the wholesale electric grid in Texas set an all-time record for system-wide demand. ERCOT called two emergency Demand Response events during the week—the first time a Demand Response event had been called since 2014. We answered ERCOT's call by initiating our Demand Response protocol. During the event, our energy savings systems reduced Southwest's demand on the grid by approximately 1.2 MW—or the amount of energy needed to power 150 homes with air conditioners running at full blast. Together with several other companies that participated in the Demand Response event, we were able to help the Texas grid make it through a period of unprecedented electrical demand.

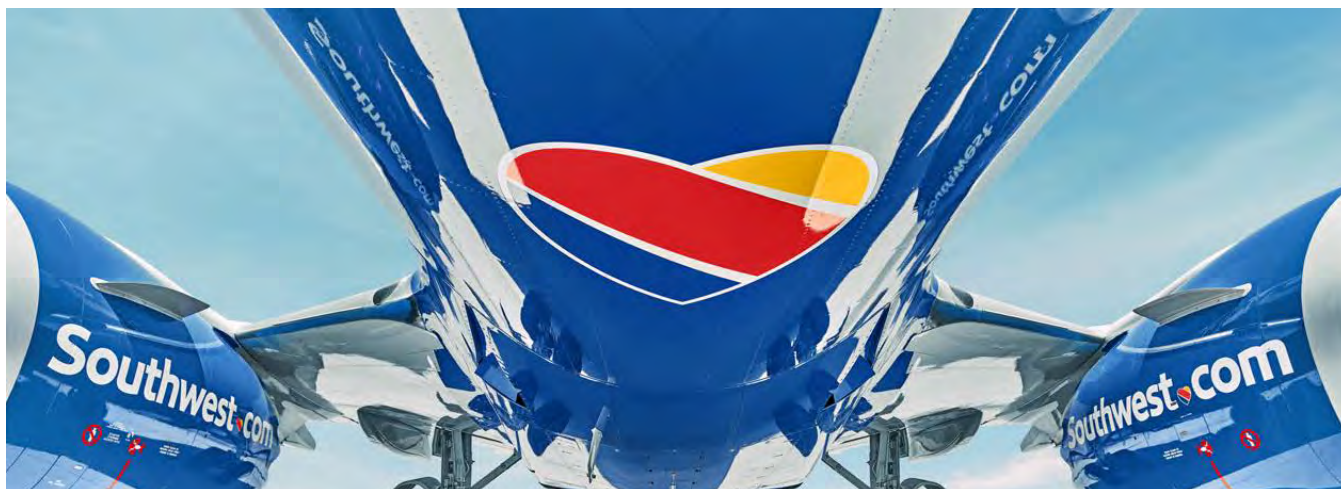
Connected to Purpose

The Demand Response program has served us well. Since 2017, Southwest has received more than \$115,000 in program participation payments that have been used to increase energy efficiency and Employee comfort at our headquarters campus.

And we see a real connection between Demand Response and carrying out our Purpose, as these programs directly benefit the People and communities we serve. Programs like Demand Response help us keep costs down, which allows us to keep our fares low and offer benefits like bags flying free.⁸⁷ Demand Response allows us to positively impact our community by enhancing the stability of the local power grid. And by helping our operations stay up and running—even when others need to consume larger amounts of energy than normal—Demand Response lets us continue to serve our Customers without interruption.

At Southwest, we see a real connection between Demand Response and carrying out our Purpose, as these programs directly benefit the People and communities we serve.

Energy Use | Fuel Efficiency



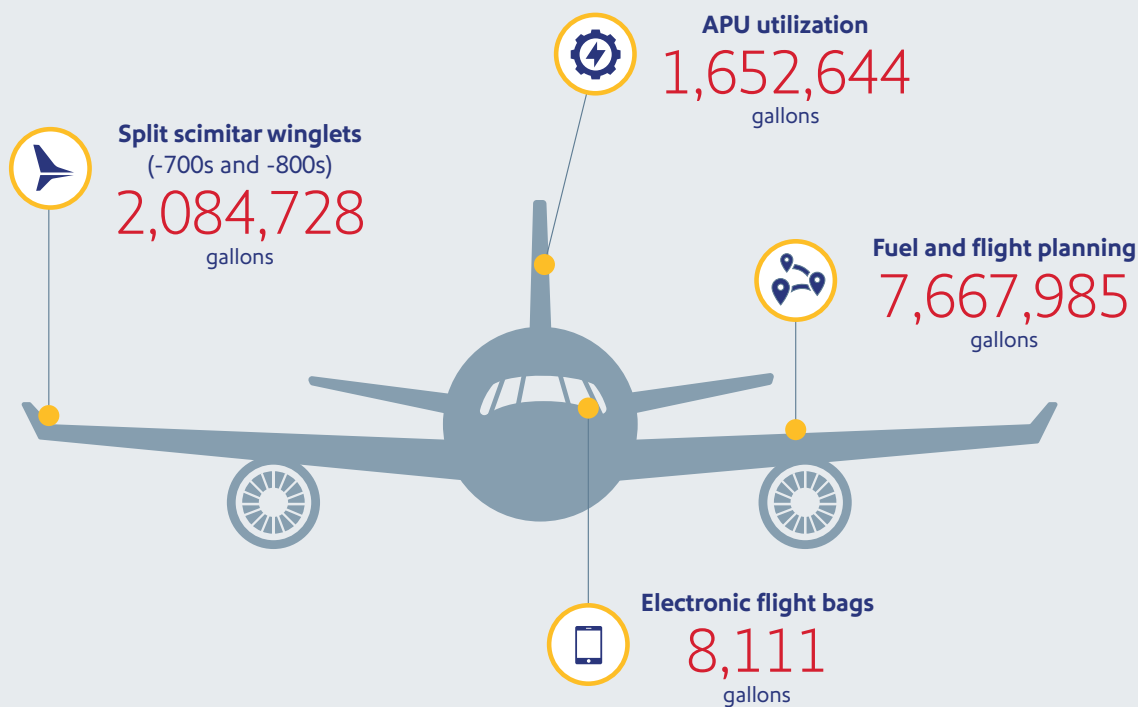
Fuel Efficiency

Jet fuel is our largest energy source. As a result, it is one of our largest expenses and our single greatest source of emissions.

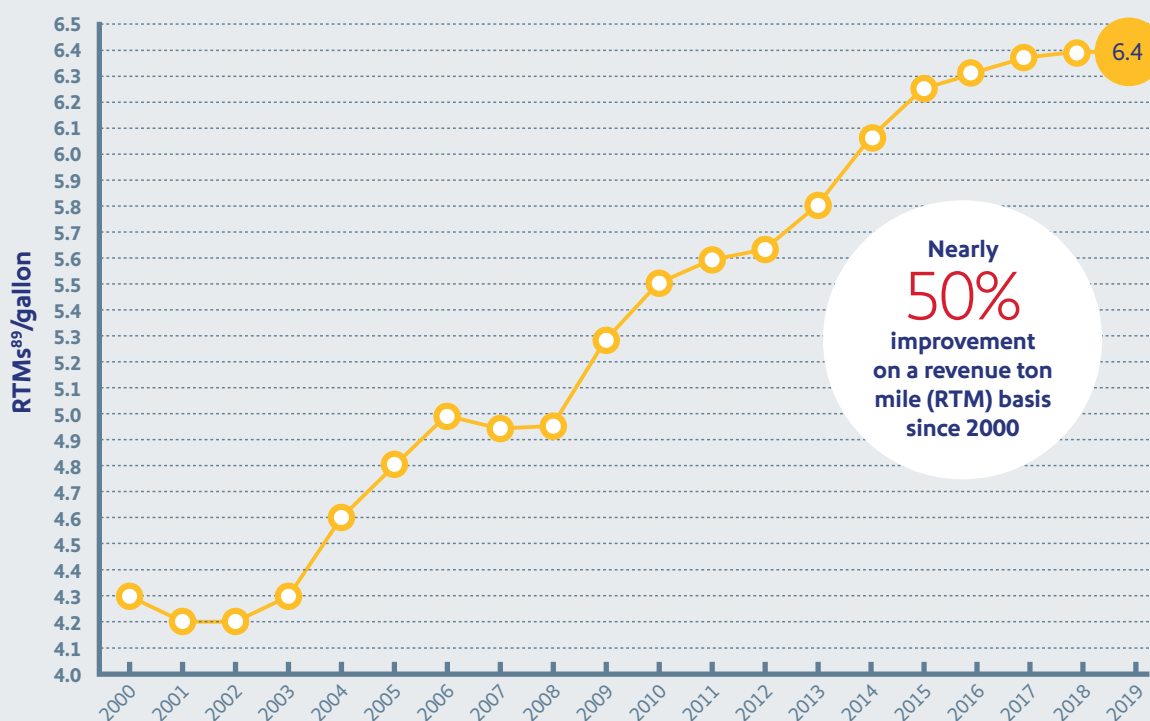
Because of the direct relationship between our fuel consumption and the cost associated with that consumption, we recognize the importance of pursuing multiple fuel efficiency initiatives. These initiatives help us in our effort to reduce fuel consumption and emissions and maintain a low-cost advantage in the airline industry. Since 2002, Southwest has invested more than \$620 million in fuel efficiency improvements, routinely performing engine washes, utilizing ground electric power while aircraft are parked at airport gates, and reducing ground idle speeds for aircraft in our fleet.

While we continued to invest in fuel efficiency improvements, in March 2019, we were required to remove our 34 Boeing 737 MAX 8 aircraft from service. These are the most fuel-efficient aircraft in our fleet, and their removal from service impacted our overall fuel efficiency, resulting in a slight decline in our fleet-wide fuel efficiency during 2019. For more information about the 737 MAX 8, [click here](#).

2019 Incremental Jet Fuel Conservation



Historic Jet Fuel Efficiency Improvement⁸⁸





Greenhouse Gas Emissions

To better understand our environmental impact and increase the transparency of our operations, we have voluntarily tracked and reported our greenhouse gas (GHG) emissions since 2009.

While we are proud of the fuel efficiency improvements we have made in recent years, we continue to seek opportunities to further reduce our emissions intensity.

In 2019, we continued to support efforts to advance the sustainable aviation fuel industry. Red Rock Biofuels began construction of their refinery in 2018, and we have committed to purchase three million gallons of sustainable aviation fuel per year from them when it becomes available.

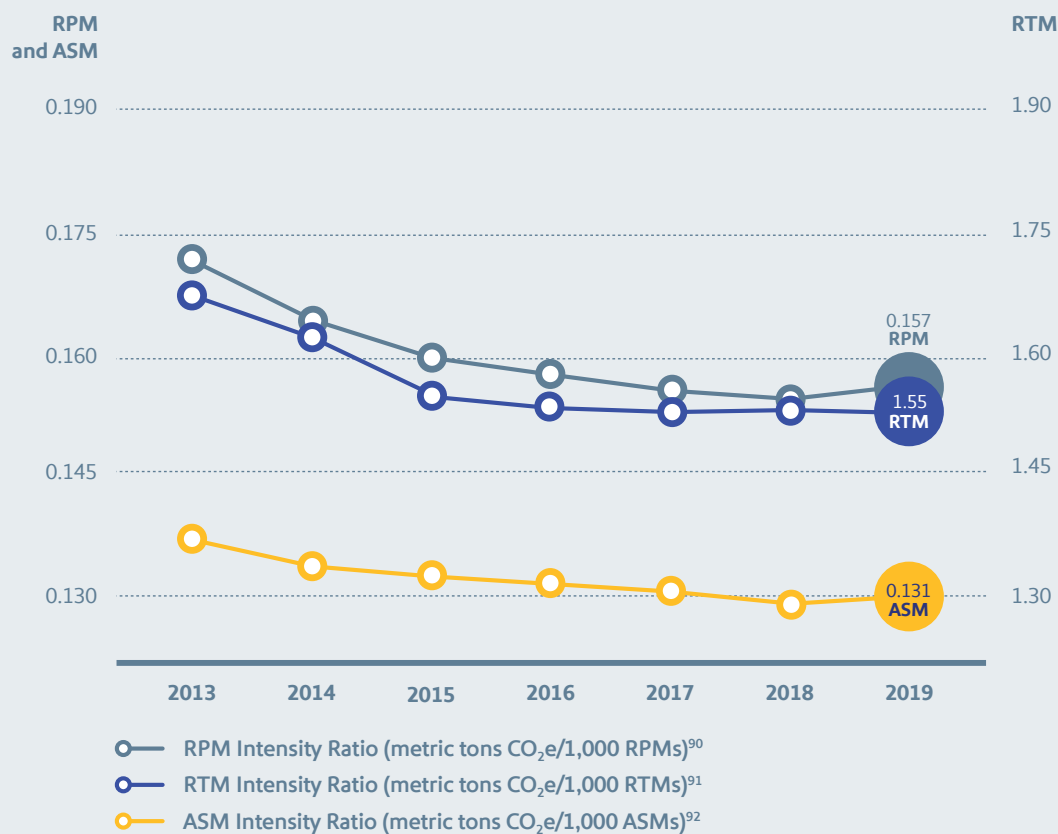
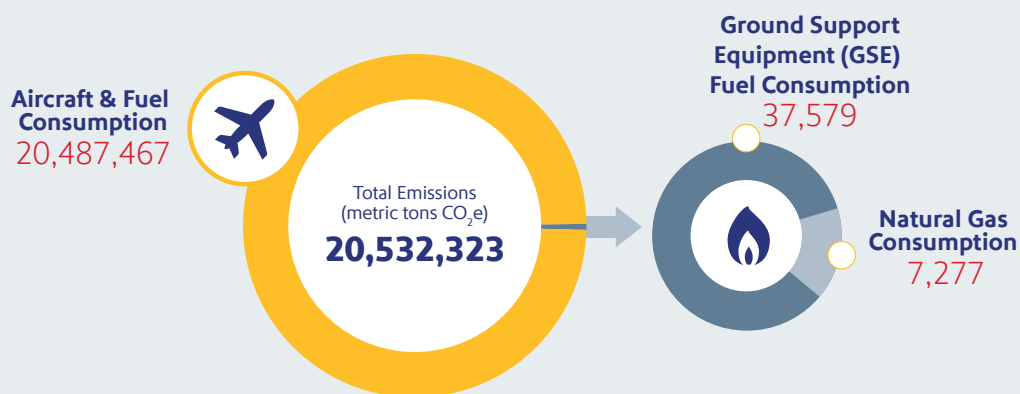
The commitment to purchase lower carbon renewable fuel is just one way we are striving to reduce our emissions intensity.

**Southwest has committed to purchase
three million gallons of sustainable aviation fuel per year
from Red Rock Biofuels when it becomes available.**

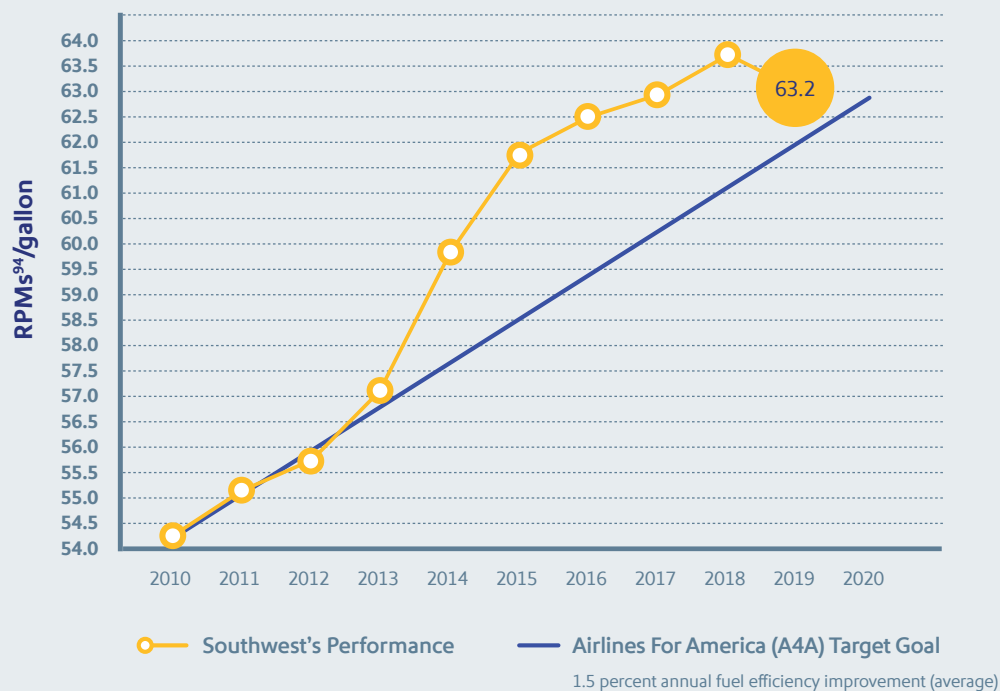
Energy Use | Greenhouse Gas Emissions

Improvement in CO₂e Intensity Ratios

(calculated using Scope 1 & 2 emissions)

2019 Scope 1 Emissions Breakdown⁹³

Progress towards Airlines for America (A4A) Fuel Efficiency Target





KEY TOPIC

Waste

At Southwest, we don't think that blindly throwing away resources is a smart or financially prudent way to conduct business. We take a careful, considerate approach to waste management, and seek to repurpose, reuse, and recycle resources as much as possible. Whether on the ground or in the air, our Heart for the Planet prompts us to try to always do more with less—preserving our Planet's finite natural resources and minimizing the amount of waste we generate.

STORIES

[Efficient Material Use
in Our Operations](#)[Repurpose With Purpose](#)

Limiting e-Waste

In 2019, we recycled or refurbished more than 247 tons of electronic waste.



Landfill Diversion

Since 2016, we have upcycled over 1 million pounds of leather seat covers.

Waste | Efficient Material Use in Our Operations



Efficient Material Use in Our Operations

What works for Southwest can also work for our Planet.

It's no secret that spending money on resources that will be used inefficiently isn't a great business practice. We endeavor to continuously improve every aspect of our operational footprint—improving energy efficiency, using resources responsibly, and minimizing the creation of unnecessary waste—a strategy that has helped keep our fares low while delivering value to our Shareholders.

However, improving our footprint isn't just about dollars and cents. Operational efficiency comes with an important environmental benefit that is close to our Heart. By taking steps to improve our footprint, we can help preserve precious natural resources and protect our Planet for current and future generations.

For example, in June 2019, we eliminated the use of paper ticket jackets from our operations—leading to environmental benefits and cost savings. Originally, these jackets were utilized to disseminate Department of Transportation-required disclosures and other Southwest policy information. Today, we've made such information easily accessible in a variety of other places, eliminating the need for printing. Important Customer disclosures are available during the online booking process, in a Customer's e-ticket confirmation, on Southwest.com,

and on signage in the airport gate and baggage claim areas. Getting rid of paper ticket jackets eliminates a paper need equal to more than 2,000 trees each year.

But our efforts aren't limited to the ground. In 2018, we redesigned the plastic drink stir sticks used onboard our aircraft to reduce the amount of petroleum-derived plastic we use. The stir sticks are now made from PLA (polylactic acid), a plant-derived material. As they are not made from traditional petroleum-based materials, this change helps preserve a non-renewable resource by using renewable material instead. The updated stir sticks are also biodegradable as a result of a PLA bio-additive.

In 2019, we followed the stir stick with another change. As opposed to the legacy plastic straws we previously offered, all of our straws are also now made of PLA. These straws are not part of our normal inflight service and are only provided when asked for, or with child beverages. This helps minimize the total number of straws used during each flight.

While we are proud of the recent changes we've made to improve our operational footprint, we are even more excited about what the future holds. Both the updated stir sticks and straws are part of a larger initiative that aims to improve the sustainability of our onboard supplies. Be on the lookout for more onboard improvements coming to a flight in your future.

Waste | Repurpose With Purpose



Repurpose With Purpose

We believe in living responsibly, respecting our resources, and sharing our Heart with others—and our Repurpose with Purpose initiative is a great example of these beliefs in action. Through this initiative, we partner with like-minded organizations to upcycle, downcycle, and recycle thousands of pounds of our discarded items and materials into useful products that change lives. Since 2016, we have repurposed more than one million pounds of our aircraft seat covers through the program, helping to minimize our environmental impact while maximizing our social impact.

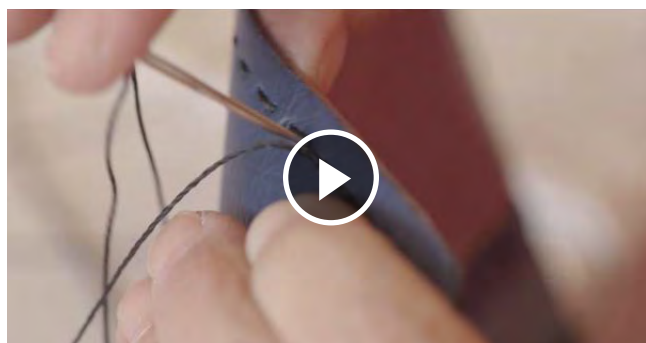
Southwest and Arise Veteran Foundation, a Repurpose with Purpose Partner, are proud to work together with Help Heal Veterans to assist those who served. Through the program, we supply leather from our used aircraft seat covers that Help Heal Veterans turns into craft kits that veterans can use to make items like footballs, belts, wallets, and wristbands.

The kits give veterans a creative outlet and offer important therapeutic and rehabilitation benefits. Help Heal Veterans works with clinicians and veterans to make sure that the kits address veterans' unique needs, and the kits often become part of formal rehabilitation treatment plans. Through our

partnership, thousands of lives have been touched and more than 90,000 pounds of leather from Southwest seat covers have been given a new life and a new purpose.

Since Help Heal Veterans was founded 47 years ago, the organization has provided more than 31 million therapeutic arts and crafts kits to veterans. Kits are produced by veterans and military family members in Winchester, California, and have been distributed to more than 18 million service men and women to date. Partnerships with the Department of Veteran Affairs Medical Centers, military hospitals, senior living facilities, and veteran's transitional programs allow Help Heal Veterans to reach over 200,000 veterans each year. To learn more about the Help Heal Veterans organization, please visit healvets.org.

We are excited to continue working with partners like Arise and Help Heal Veterans as we seek to do more good, while reducing our waste stream. Because our Heart is to take care of People—while looking after our Planet.





KEY TOPIC

Environmental Stewardship

Southwest runs on Teamwork. While we recognize and celebrate individual Employees, we believe it's the sum of our People that truly makes Southwest great. When it comes to conservation, we similarly believe that citizenship requires a Team effort. We partner with organizations we believe can help us increase our impact on our world, promoting natural resource preservation and conservation for generations to come.

STORIES

[The Southwest Green Team](#) >

Southwest was named
**Partner
of the Year**
by EcoRise.



Southwest supported more than
40 conservation projects
nationwide in 2019, in partnership
with the Student Conservation
Association (SCA).

Over 1M

Pounds of seat covers
repurposed through our
Repurpose with Purpose
initiative since 2016.





The Southwest Green Team

Serving more than 134 million Customers a year requires a Team effort. Each day, more than 60,000 Southwest Employees bring various backgrounds, skills, and responsibilities together to deliver our Legendary Customer Service. Moreover, we believe that what works for our Company can also work for our Planet—and our Green Team brings Southwest's Team-first approach to environmental issues.

The Green Team is a group of Southwest Employees who strive to make our Company, facilities, and the world we live in a greener, more sustainable place. Made up of volunteers at our Headquarters campus, the Green Team meets monthly to plan environmental initiatives and discuss emerging trends and topics related to environmental sustainability.

In 2019, the Green Team led several educational and behavior change initiatives intended to help make our facilities greener and reduce our carbon footprint. The Team hosted an internal event that gave many Southwest Employees an opportunity to get information about environmental issues on our corporate campus, such as waste/recycling, greenhouse gas emissions, and fuel and energy savings. The Team also organized a field trip to a local university to share and learn best practices, and connected Employees with various community events and volunteer opportunities related to environmental sustainability in the Dallas area throughout the year. The Green Team shares tips and tricks on how to be sustainable via our Companywide blog, reaching our more than 60,000 employees.



Environmental Stewardship | The Southwest Green Team

In addition to these activities, our Green Team keeps busy with Southwest's community garden. The garden is located on our Headquarters campus and grows seasonal vegetables for a number of local food banks. The Green Team has hosted numerous volunteer events and environmentally focused presentations in the garden with various departments. The garden has been faithfully overseen for more than a decade by Southwest Employee and Green Team member Jaime Ibarra. It is maintained by members of the Green Team and other Cohearts.

The long-term goal of these initiatives is to embed environmentally friendly behaviors into our Employee Experience so that each Team Member feels a sense of responsibility for their impact on the Company and our Planet. Environmental sustainability isn't the responsibility of any single person—it's a Team effort.



“Though our community garden is a relatively small operation, it is building a mighty community of learning and service opportunities for Southwest Employees. We’re currently beautifying the garden and we’re actively thinking about other ways we can expand in the near future. After all, this garden has already proved that growing delicious food can be accomplished inexpensively and effectively with the generous help of our busy Southwest Family.”

—Jaime Ibarra, Senior Analyst, Technology

Looking Forward⁹⁵



Continue Repurposing Program

Stay tuned for new ways we are enhancing our “Repurpose with Purpose” initiative as we increase the volume of repurposed items and materials.

Introduce Sustainable Aviation Fuel

We’ve committed to purchase three million gallons of sustainable aviation fuel per year once it becomes available.

Deepen Partner Relationships

We will continue to collaborate with various organizations as we work toward our environmental goals and focus areas.

Planet Data Table

	2019	2018	2017	2016	2015
Environmental Impacts					
Total energy consumption (megawatt-hours (MWh))	81,119,463	81,128,558	79,203,011	77,366,032	73,688,161
Production activity (revenue ton miles (RTMs)) ⁹⁶	13.3 billion	13.5 billion	13.0 billion	12.6 billion	11.9 billion
Intensity ratio (MWh/1,000 RTMs) ⁹⁷	6.12	6.03	6.08	6.13	6.20
Water consumption (gallons) ⁹⁸	95 million	99 million	85 million	83 million	80 million
Intensity ratio (gallons/Employee) ⁹⁹	Nearly 1,600	Nearly 1,700	More than 1,500	More than 1,500	More than 1,600
Greenhouse Gas Inventory (Scope 1 and Scope 2 Emissions)					
Scope 1 emissions (metric tons of carbon dioxide equivalent (CO ₂ e)) ¹⁰⁰	20,532,323	20,537,710	20,148,910	19,664,622	18,731,062
Scope 2 emissions (metric tons of CO ₂ e)	44,783	46,972	51,634	53,264	48,810
Total Scope 1 and Scope 2 GHG emissions (metric tons of CO ₂ e)	20,577,106	20,584,682	20,200,544	19,717,886	18,779,872
Intensity ratio (metric tons CO ₂ e/1,000 RPMs) ¹⁰¹	0.157	0.154	0.157	0.158	0.160
Intensity ratio (metric tons CO ₂ e/1,000 ASMs) ¹⁰²	0.131	0.129	0.131	0.133	0.134
Intensity ratio (metric tons CO ₂ e/1,000 RTMs) ¹⁰³	1.55	1.53	1.55	1.56	1.58
Greenhouse Gas Inventory (Scope 3 Emissions)					
Capital goods—production of aircraft (metric tons CO ₂ e) ¹⁰⁴	4,700	68,500	62,900	43,600	26,500
Waste generated in operations—waste to landfill and burned for energy recovery (metric tons CO ₂ e)	2,200	2,100	1,900	2,700	2,400
Employee commuting—estimate based on survey (metric tons CO ₂ e) ¹⁰⁵	151,400	147,200	137,600	137,200	119,000
Other Air Emissions¹⁰⁶					
NO _x emissions (tons)	7.1	6.8	7.1	7.1	7.1
SO _x emissions (tons)	0.7	0.7	0.7	0.7	0.7
Regulatory Compliance					
Number of environmental violations resulting in fines	1	None	None	1	6
Total environmental fines	\$ 1,305	\$ -	\$ -	\$ 3,303	\$ 7,497
Environmental Conservation					
Fuel efficiency (ASMs/gallon) ¹⁰⁷	75.7	76.3	75.2	74.4	73.9
Fuel efficiency (RPMs/gallon) ¹⁰⁸	63.2	63.7	63.1	62.5	61.8
Fuel efficiency (RTMs/gallon) ¹⁰⁹	6.4	6.4	6.4	6.3	6.3
Total number of electric Ground Support Equipment (GSE)	1,412	1,304	1,215	1,338	1,074
Purchases of renewable energy certificates (kWh)	More than 25 million	More than 25 million	More than 25 million	More than 25 million	More than 25 million

Planet Data Table

	2019	2018	2017	2016	2015
Waste Management and Recycling¹¹⁰					
Total waste generated (tons)	9,310	10,599	9,858	9,690	11,135
Total waste recycled (tons)	2,426	3,757	3,737	3,348	4,148
Percent of total waste recycled	26	35	38	35	37
Recycled co-mingled waste—paper, plastic, aluminum, and cardboard (tons)	Nearly 1,600	Nearly 3,000	More than 3,000	More than 2,600	More than 3,700
Recycled industrial waste (tons)	584	568	730	721	631
Hazardous waste generated (tons)	27.4	29.2	21.6	24.1	25.1
Hazardous waste managed through recycling and beneficial reuse (tons)	22.3	20.6	17.2	16.1	18.9
Intensity ratio (pounds of hazardous waste generated/aircraft)	73	78	61	67	71

Corporate Sustainability Reporting Framework

The 2019 Southwest One Report references the [Global Reporting Initiative \(GRI\) Standards](#). Disclosures corresponding to the Standards can be found in this GRI Index. The GRI Standards include all of the main concepts and disclosures from the G4 Sustainability Reporting Guidelines, with changes mostly involving structure and format.

Information is presented in the 2019 Southwest One Report with respect to performance related to our corporate social responsibility key topics, a term we use instead of materiality to avoid confusion with key financial information.

Indicator	Description	Detail/Location in Report
General Disclosures		
Organizational Profile		
102-1	Name of the organization	Southwest Airlines Co.
102-2	Activities, brands, products, and services	Reporting on Business Performance
102-3	Location of headquarters	2702 Love Field Dr. Dallas, Texas 75235 USA
102-4	Location of operations	We operate in eleven countries: the United States, Mexico, Jamaica, The Bahamas, Aruba, Dominican Republic, Costa Rica, Cuba, Belize, the Cayman Islands, and Turks and Caicos.
102-5	Ownership and legal form	Reporting on Business Performance
102-6	Markets served	We serve business and leisure air travelers, and in 2019, operated in the U.S. domestic market as well as some parts of Mexico, Central America, and the Caribbean region. 30,000 Foot View The Fleet
102-7	Scale of the organization	Reporting on Business Performance
102-8	Information on employees and other workers	People Data Table

Indicator	Description	Detail/Location in Report
102-9	Supply chain	<p>To support our operations, we purchase goods and services from approximately 4,000 sources across multiple continents and countries, but given our network footprint as a North American carrier, the vast majority of our supply base and spend is in the U.S. domestic market. We maintain relationships directly with various types of suppliers, including service providers, contractors, manufacturers, brokers, and wholesalers. Our intent is to provide Southwest with the highest quality products and services at the lowest total costs.</p> <p>While we have dedicated Teams within our Supply Chain Management Department such as Fuel Management, Aircraft Maintenance, Technology, and Direct and Enterprise Procurement, we strive to manage our supply chain holistically and to optimize system efficiency by utilizing analytically rigorous and dynamic approaches. Our Supply Chain Management Department has a Team dedicated to monitoring supplier performance, assessing risk and planning in the event of supply chain disruptions, and analyzing our supply chain spend so we can continuously improve performance.</p> <p>Our responsibility to respect and protect human rights also encompasses our supply chain. We partner with our suppliers not only because of the impact they have on the products and equipment we use in the skies, on the ground, and in our offices, but also because of their impact on our triple bottom line of People, Performance, and Planet. We look to build sustainable relationships with our suppliers to help fulfill our operational needs, stimulate economic growth in the communities we serve, and satisfy the expectations of our Stakeholders while taking into account, among other things, small and minority owned businesses and our Code of Ethics. We expect that all suppliers comply with applicable laws, including those regarding child or forced labor.</p>
102-10	Significant changes to the organization and its supply chain	Reporting on Business Performance
102-12	External initiatives	Airlines for America (A4A) climate change commitment Public Relations Research Standards Diversity Best Practices : the preeminent organization for mid- to large-size organizational diversity thought leaders to share best practices and develop innovative solutions for culture change. Each Southwest Employee can logon using their wnco.com email.
102-13	Membership of associations	Airlines for America (A4A) climate change commitment Public Relations Research Standards National Diversity Council Board Catalyst: Workplaces That Work for Women Workforce Solutions Greater Dallas Board : the local organization mandated to implement a system of services that complement economic development as a resource for employers to access the quality employees they need, and training individuals to be successfully employed.

Indicator	Description	Detail/Location in Report
Strategy		
102-14	Statement from senior decision-maker	A Word from Gary Reporting on Business Performance
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Purpose, Vision, Values, and Mission Statements Investor Relations Supplier Information
Governance		
102-18	Governance structure	Reporting on Business Performance Company Officers Board of Directors Board Committees Corporate Governance Guidelines Corporate Policies
Stakeholder Engagement		
102-40	List of stakeholder groups	Customers, Employees, NGOs/Community Groups, Suppliers, Shareholders, and Regulators.
102-41	Collective bargaining agreements	As of Dec. 31, 2019, approximately 83 percent of our Employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	We maintain engagement channels with the Stakeholders who we believe may impact, or be impacted by, our business. Our Approach

Indicator	Description	Detail/Location in Report
102-43	Approach to stakeholder engagement	<p>Customers: Customer Experience surveys are sent to a representative sample of Customers each day post-travel. Daily interaction with our Customer Service Representatives with phone calls, email, or social media. Monthly brand and reputation monitoring and other ad hoc research through our Listening Center and Customer Insights Team. Personal contact during travel experience with Customer Service Agents and Flight Crews.</p> <p>Employees: Daily internal communications on our intranet, including news, department information, blogs, and the monthly news recap via video. Employees are able to interact in the comment sections. Monthly newsletters, annual Southwest Rallies, ongoing union meetings, and scheduled Employee surveys.</p> <p>NGOs/Community Groups: Ongoing efforts with the Chambers of Commerce in each of our domestic cities, working with a variety of charitable organizations, one-on-one meetings or calls with industry associations or community influencers, and attending or speaking at community partner events throughout 2019.</p> <p>Suppliers: Ongoing efforts via emails, meetings, the RFP process, and supplier performance reviews.</p> <p>Shareholders: Ongoing communication with our Investor Relations department via phone calls, email, and mail, Investor presentations, Annual Meeting of Shareholders, and the Investor Relations website.</p> <p>Regulators: Ongoing engagement through permitting, compliance, and reporting activities, safety testing, audits, and screenings.</p> <p>Southwest Airlines Charitable Grant Introducing Customer Chat Hawaii Service Launch</p>
102-44	Key topics and concerns raised	Throughout this report.
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Reporting on Business Performance
102-46	Defining report content and topic Boundaries	Southwest regularly monitors our Stakeholder interests through various channels and communications to attempt to better understand what is important to them. We work to balance those interests with the learnings we gathered through a benchmarking analysis of our industry in 2016 and early 2017, in an effort to create a reasonable and balanced representation of our corporate citizenship efforts related to Environmental, Social, and Governance indicators.
102-48	Restatements of information	See data tables for any restatements of information provided in previous reports: People Data Table Performance Data Table Planet Data Table
102-49	Changes in reporting	There are no significant changes from previous reporting periods in the Scope and Aspect Boundaries.

Indicator	Description	Detail/Location in Report
102-50	Reporting period	Calendar Year 2019, unless otherwise stated.
102-51	Date of most recent previous report	April 22, 2019
102-52	Reporting cycle	Annual, calendar year
102-53	Contact point for questions regarding the report	SWACitizenship@wnco.com
102-55	GRI content index	Corporate Sustainability Reporting Framework
102-56	External assurance	Assurance Statement for 2019 Greenhouse Gas Inventory

Topic-Specific Standards

Economic

Economic Performance

Jobs and benefits, returns on investment, business partnerships, and Customer Service and Safety are all ways in which our economic performance matters to our Employees, Customers, Shareholders, suppliers, and the communities in which we operate. We strive to continuously improve our Performance by focusing on our Purpose, and our People are dedicated to fulfilling our Vision. Southwest is known for a triple bottom line approach that contributes to our performance and productivity. Employees share in Southwest's success with our ProfitSharing Plan, the first in the airline industry. This approach helps us retain Employees, reducing turnover costs. We expect our market presence to generate substantial savings for our Customers through the well-known "Southwest Effect" of invigorating competition by reducing fares and stimulating additional Passenger traffic in the cities where we fly. Our commitment to the Planet helps us manage costs by using resources efficiently and identifying emerging environmental trends and risks. In the air, we're conserving jet fuel and improving our emissions intensity. Given fuel is one of our largest expenses, operating with a green filter is not only good for the environment, it's also good for our bottom line. Regarding our position on the potential risks associated with climate change, in our CDP (formerly the Carbon Disclosure Project) response, we identified risks associated with regulatory change and physical climate risks, such as extreme weather events, as having the potential to create operational complexities. These complexities may affect airline operations, which could result in impacts to operational and capital costs and ontime performance.

[Performance Data Table](#)

201-1	Direct economic value generated and distributed	<p>See also Disclosure 401-2</p> <p>Reporting on Business Performance</p> <p>A Decade of Consistent Performance</p> <p>Hawaii Service Launch</p> <p>Heart of the Community</p> <p>Southwest Airlines Charitable Grant</p> <p>Destination 225°: Bolstering Our Talent Pipeline</p> <p>Introduction of Parental Leave</p> <p>Honoring Herb</p> <p>Southwest's Low-Cost Business Model</p> <p>The Boeing 737 MAX</p> <p>Hawaii</p> <p>Performance Data Table</p>
-------	---	---

Indicator	Description	Detail/Location in Report
201-2	Financial implications and other risks and opportunities due to climate change	<p>We have voluntarily reported our greenhouse gas emissions through CDP for the past 11 years. In our CDP response, we quantify climate change impacts, risks, and opportunities on our business, and provide information on how we're integrating climate change into our business strategy. You can find Southwest's CDP response at www.cdp.net. We have invested more than \$620 million in fuel efficiency projects since 2002.</p> <p>Planet Data Table</p>
201-3	Defined benefit plan obligations and other retirement plans	<p>We invested more than \$1.2 billion in our Employees through 401(k) contributions and, based on our record 2019 ProfitSharing award of \$667 million, the majority of which was paid to the retirement plan.</p> <p>For the 2019 plan year, each eligible Employee received a ProfitSharing award equal to approximately 12.2 percent of eligible compensation, paid in 2020. Southwest paid part of the ProfitSharing award to the retirement plan and part in cash. Most Employees received 10 percent of eligible compensation as a contribution to the ProfitSharing Plan and the remainder—approximately 2.2 percent—in cash. Some Employees received the entire ProfitSharing award as a contribution to their retirement plan as specified in their collective bargaining agreement.</p> <p>Reporting on Business Performance</p> <p>People Data Table</p>

Indirect Economic Impact

Our performance impacts more than our Company. Our market presence and low fares stimulate economies in cities where we fly. We also make investments in infrastructure and services that more broadly affect the communities we serve in terms of jobs, access to services, or other impacts. Working with local communities and regulators, we strive to maximize the benefits of our investments to local and regional economies.

203-2	Significant indirect economic impacts	<p>Hawaii Service Launch</p> <p>A Decade of Consistent Performance</p> <p>People Data Table</p> <p>Performance Data Table</p>
-------	---------------------------------------	---

Anti-Corruption

At Southwest, we strive to maintain accountability and transparency of our business practices to reduce or eliminate corruption. We require all Employees to annually certify receipt and understanding of our Code of Ethics and Insider Trading Policy. We also employ robust auditing procedures to analyze and monitor business activities, which further enhance our ability to maintain high ethical standards. We continually review our systems to provide transparency and accountability, and we update our corporate governance policies when needed.

205-2	Communication and training about anti-corruption policies and procedures	<p>In 2019, more than 64,000 Southwest Airlines Employees and certain business associates certified receipt of Code of Ethics and Insider Trading policy. During 2019, we also distributed our Foreign Corrupt Practices Act Policy and Anti-Corruption Compliance Procedures to all Company Officers, Senior Leaders of all departments, and select Employees and contractors who are involved with Southwest's financial records and/or international operations. In 2019, more than 3,000 individuals received and completed a compliance questionnaire regarding the Foreign Corrupt Practices Act.</p> <p>Corporate Governance Guidelines</p>
-------	--	--

Indicator	Description	Detail/Location in Report
-----------	-------------	---------------------------

Environmental

We recognize the importance of environmental stewardship and believe it's our responsibility to protect our planet now and for future generations. We do our part to make environmentally responsible decisions and to minimize our impact on the environment by collecting and analyzing information on our energy consumption, emissions, and waste, and continually improving the actions we take to mitigate our impacts. We set goals and use an environmental management system (EMS) and chemical management system (CMS) to help us maintain compliance with environmental regulations, minimize costs and risk, and measure our efforts to improve our environmental performance. Given that fuel is one of our largest expenses and the burning of it produces greenhouse gas (GHG) emissions, we strive to reduce future emissions while continuing to provide safe, reliable, and affordable air transportation for our Customers.

A third party assessment of Southwest's 2019 GHG emissions Inventory has been completed in accordance with the AA1000 Assurance Standard. This assurance engagement included our Scope 1, Scope 2, and Scope 3 GHG emissions. [Reference: Assurance Statement for 2019 Greenhouse Gas Inventory.](#)

We are currently meeting our GHG emission targets without using carbon offsets. Southwest's Leaders and Employees are responsible for minimizing our impact on the environment by:

- Complying with all environmental laws and regulations
- Striving to meet our annual goal of zero environmental violations in our operations
- Maintaining our EMS, following procedures, and training our Employees to meet our compliance goals
- Continuing to improve our performance regarding our environmental goals and initiatives, including our goals for reducing GHG emissions intensity
- Auditing our operations for environmental compliance and implementing corrective actions where needed
- Auditing our environmental vendors to verify their operations are compliant and they demonstrate a commitment to environmental stewardship
- Providing transparency of our environmental performance to our Stakeholders through public reporting and third-party verification and assurance of our GHG emissions inventory
- Conserving natural resources, including efficient use of water and raw materials, and using alternative fuels and renewable energy where possible, while continuing to meet our operational requirements
- Minimizing waste, pollution, and emissions from our operations and preventing it where possible, while remaining true to the triple bottom line of Performance, People, and Planet

Maintaining compliance with all local, state, and federal environmental laws and regulations is fundamental to our environmental policy. We continually work to meet our annual goal of zero recorded environmental violations. Our Environmental Services Team regularly conducts audits to review compliance, and we are working to improve our performance by maintaining and improving our EMS, following environmental guidelines and procedures, implementing corrective action, and training our Employees to meet our compliance goals.

Our standard auditing protocol assesses a location's record keeping, permit status, and compliance with requirements of regulatory plans such as Storm Water Pollution Prevention Plans and Spill Prevention, Control, and Countermeasure Plans. We perform a visual walk-through inspection to confirm that key compliance practices are enacted in each of the cities we serve. We also track spills at all of our locations, audit findings and corresponding corrective action, and information about permits and their expiration dates.

[Planet Data Table](#)

Energy

302-1	Energy consumption within the organization	Fuel Efficiency The Boeing 737 MAX Planet Data Table
302-3	Energy intensity	The Boeing 737 MAX Planet Data Table

Indicator	Description	Detail/Location in Report
302-4	Reduction of energy consumption	Building Performance Fuel Efficiency The Boeing 737 MAX Planet Data Table
302-5	Reductions in energy requirements of products and services	Our fuel efficiency (available seat miles ¹¹¹ per gallon of fuel) decreased from 76.3 in 2018, to 75.7 in 2019, due to the grounding of the MAX ¹¹² , our most fuel-efficient aircraft. The Boeing 737 MAX Planet Data Table
Water and Effluents		
303-1	Interactions with water as a shared resource	Planet Data Table
Emissions		
305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions The Boeing 737 MAX Planet Data Table
305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions Planet Data Table
305-3	Other indirect (Scope 3) GHG emissions	Planet Data Table
305-4	GHG emissions intensity	Greenhouse Gas Emissions The Boeing 737 MAX Planet Data Table
305-5	Reduction of GHG emissions	Greenhouse Gas Emissions The Boeing 737 MAX Planet Data Table
305-6	Emissions of ozone-depleting substances (ODS)	One of the most important issues surrounding chemical management is the use of ozone-depleting substances. The ozone layer prevents harmful ultraviolet light from passing through the atmosphere, and the use of these substances can cause a decrease in the total volume of the ozone layer. Potential ozone-depleting substances Southwest presently uses include refrigerants found in the HVAC systems and appliances of Southwest operated buildings and the air conditioning systems of company vehicles. Based on an upper-bound assumption of the expected losses that would occur from Southwest facilities, we have determined that the emissions from these refrigerants represent less than 0.02% of our total greenhouse gas emissions. We do not produce or import ozone-depleting substances in Southwest operations.
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions ¹¹³	Planet Data Table

Indicator	Description	Detail/Location in Report
Effluents and Waste		
306-2	Waste by type and disposal method	Efficient Material Use in Our Operations Repurpose With Purpose Planet Data Table
306-3	Significant spills	In 2019, we had one spill that was reportable to the National Response Center per regulatory requirements. This spill was contained within an impervious area and there were no environmental impacts. We recognize that spills of chemicals, oils, and fuels can have a significant impact on our planet, so we make every effort to prevent them. However, we acknowledge that despite our best efforts, some spills do happen because of equipment failure or human error. We provide our Employees 24/7 access to guidance and emergency response assistance with spill response, and we track our spills using an online spill reporting form. This not only makes it simple for our Employees to report a spill in a timely and accurate manner, but it also provides automatic notification to the entire Environmental Services Team upon submittal for quick response and regulatory agency reporting when required. The Environmental Services Team also compiles and analyzes details from all spills so operating groups can assess spill prevention strategies.
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	Planet Data Table

Social

Employment | Training and Education | Diversity and Equal Opportunity

Employees are the heartbeat of Southwest. We focus on bringing the best People into the Southwest Family with a competitive compensation and benefits package. We then provide a positive working environment, training, and encouragement to help them succeed. Therefore, our approach to employment and labor practices is a critical strategy guided by our Executive Vice President Corporate Services and our People and General Counsel Departments, which includes a section devoted solely to Labor and Employee Relations.

We are committed to:

- Seeking talented People
- Maintaining positive union relationships
- Investing in training and educational opportunities to enhance Employees' skills
- Fostering an atmosphere that promotes equal opportunity
- Providing our Employees with a safe and stable work environment
- Maintaining equal opportunity for learning and personal growth

We conduct scheduled Employee surveys to assess job satisfaction of our Employees, and we use information from the surveys to improve our ability to attract, develop, and retain talented Employees who will help us meet Southwest's business needs today and tomorrow.

In conjunction with Southwest Airlines University (SWA U), Diversity and Inclusion, and other Departments, our People Department's priorities include (but are not limited to): attracting, developing, and retaining a diverse workforce; providing opportunities for learning, development, career growth, and movement within the Company; evaluating compensation and benefits, and rewarding performance; investing in physical, emotional, and financial health; obtaining Employee feedback; maintaining and enhancing Company Culture; and communicating with the Board of Directors on a routine basis on key topics including Executive succession planning.

[People Data Table](#)

Indicator	Description	Detail/Location in Report
Employment		
401-1	New employee hires and employee turnover	People Data Table
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>In 2019, more than 64,800 active and inactive Southwest Employees participated in at least one component of the Company's Employee benefits program. Southwest offers standard benefits to both full-time and part-time Employees. In the case of tuition reimbursement, Southwest provides the following maximum annual benefit, which will be counted toward the calendar year in which reimbursement is made:</p> <ul style="list-style-type: none"> • Graduate Degrees: \$5,000 for a full-time Employee, \$2,500 for a part-time Employee • Undergraduate Degrees, Undergraduate Certificates, Certifications, and Individual Courses: \$2,500 for a full-time Employee, \$1,250 for a part-time Employee <p>Many of the components offered to Employees in our Employee benefits program also are offered to dependents and/or committed partners</p> <p>Employee Benefits</p> <p>Introduction of Parental Leave</p> <p>People Data Table</p>

Training and Education

404-1	Average hours of training per year per employee	People Data Table
-------	---	-----------------------------------

Diversity and Equal Opportunity

405-1	Diversity of governance bodies and employees	Diversity and Inclusion People Data Table
-------	--	--

Freedom of Association and Collective Bargaining | Human Rights Assessment

At Southwest, we are strong supporters of protecting each individual's basic human and civil rights and are guided by fundamental principles to not only comply with the law at all times, but also to avoid the appearance of impropriety in the actions of our Employees and our business partners. One of our key corporate responsibilities is to respect human rights within our operations and throughout our value chains. We reflect these principles in various policies and our conduct toward Employees, Customers, suppliers, and the communities where we serve.

We have created and adhere to Company policies to support and respect the protection of human rights within our sphere of influence. These policies include our commitment to:

- Prohibit any form of harassment, discrimination, or retaliation in the workplace based on race, color, religion, age, sex, sexual orientation, gender identity, pregnancy, marital status, national origin, disability, veteran status, genetic information, or other legally protected statuses
- Respect the right of Employees to associate freely
- Recognize lawful rights of Employees to choose or not choose collective bargaining representation

[Corporate Policies](#)

Indicator	Description	Detail/Location in Report
Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<p>We have not identified operations or suppliers where the right to exercise freedom of association and collective bargaining are being violated. We take preventative measures to avoid this risk by implementing our Code of Conduct.</p> <p>Corporate Policies</p>
Human Rights Assessment		
412-2	Employee training on human rights policies or procedures	<p>Over 29,000 Employees and over 8,200 contractors received training on Human Rights in 2019.</p> <p>We conduct training on human rights issues as they relate to harassment, discrimination, or retaliation for all New Hires. Human rights training and information (including training on human trafficking and notification to law enforcement authorities) are available for existing Employees through a variety of vehicles, including our Guidelines for Employees, our Disability Discrimination and Workplace Accommodation Policy, in both written and audio versions, and our Most Compliant Leader training, a program required bi-annually of all Leaders, Supervisors, and above, and our harassment online learning module.</p> <p>We are currently working on more robust human trafficking training for our Frontline Employees.</p> <p>There is a growing focus on human trafficking at Southwest and in the airline industry. In early 2019, more than 600 of our Senior Leaders attended a presentation on human trafficking by Bradley Myles, CEO of Polaris. A Southwest Community Outreach partner, Polaris is a leader in the global fight to eradicate modern slavery and disrupts the human trafficking networks that rob human beings of their lives and their freedom.</p> <p>Policy on Harassment, Sexual Harassment, Discrimination, and Retaliation</p> <p>Human Trafficking Awareness Curriculum</p> <p>People Data Table</p>

Local Communities

We understand the powerful impacts that our Company can have on the social systems within which we operate and our responsibility to be a good corporate citizen. That is why we have a Social Topics Committee and Community Outreach Department committed to engaging and giving back in the communities where our Customers and Employees live and work. In response to a growing number of requests from the public about Southwest's stance on various issues, the Social Topics Committee was formed in 2015, and is a cross-functional Team that examines how the Company will engage in a variety of social topics. The Committee reviews and discusses social topics and inquiries, employs guidelines to measure impact on perception, and routinely engages Senior Executives on its proposed level of engagement and responses. The Committee uses a decision framework with guiding principles of speed, courage, and consistency. Factors that are considered when deciding if and how to respond include the impact on our Employees, the public perception of our response, the potential impact to our brand and reputation, and the effect on our business and our Customers. Through our Community Outreach Teams, we provide support, leadership, and encouragement to a variety of local, civic, and charitable organizations. We believe in connecting People and championing the communities where our Employees live and work, and we strategically invest our resources to support needs and the causes that matter most to those communities. Our Employees get involved through volunteering, serving as ambassadors, and participating on Community Giving Boards to help direct support to local organizations.

Community Giving Boards are made up of local Employees from various work groups who evaluate donation requests Southwest receives from nonprofit charitable organizations in their community. The Boards donate complimentary, round-trip travel to approved organizations for fundraising or transportation purposes.

[People Data Table](#)

Indicator	Description	Detail/Location in Report
413-1	Operations with local community engagement, impact assessments, and development programs	Civility and Kindness Hawaii Service Launch Heart of the Community Giving Back Southwest Airlines Charitable Grant Southwest Green Team Repurpose With Purpose People Data Table

Public Policy

We must continually adapt to new laws and regulations. Legislative and regulatory changes have the potential to limit our opportunities for growth, and government policies and legislation can have a deep impact on how we do business. We present our views on these topics to a wide range of policymakers and stakeholder groups through trade associations, chambers of commerce, and interactions with public officials at the federal level and in the states and communities we serve. We participate in industry associations such as Airlines for America (A4A) and have developed our own public outreach program for our Employees called the Key Contact Program. Our involvement allows us to gain insight into core issues for the airline industry as a whole and to advocate jointly for regulations that support a healthy, competitive industry. We also benefit from the opportunity to share technical expertise and operational knowledge that leads to improved margins of Safety and security, greater Employee and Customer satisfaction, and better overall operational efficiency and reliability.

Southwest has adopted a policy that it will primarily use its affiliated political action committee, the Southwest Airlines Co. Freedom Fund (Freedom Fund), which is financed through voluntary Employee contributions, to support political campaigns, and that Company funds will be limited to supporting selected political campaigns at the state and local level in compliance with the laws of the relevant states and localities. All political campaign contributions from the Freedom Fund or by the Company directly are approved by the Senior Vice President of Governmental Affairs and Real Estate and overseen by Southwest's Executive Vice President, Chief Legal and Regulatory Officer, with an annual summary of those contributions provided to the Southwest Board of Directors. All political contributions are intended to promote the interests of the Company and are not guided by any private political preferences of any Employee. All contributions by the Freedom Fund are disclosed via publicly available reports filed monthly with the Federal Election Commission. The Company strives to comply with all applicable federal, state, and local campaign finance restrictions and disclosure requirements.

415-1	Political contributions	<p>In 2019, contributions from the Freedom Fund totaled \$97,100 to political committees at the federal level and \$25,250 to political committees at the state and local level. Moreover, the Company contributed \$50,300 directly to political campaigns at the state and/or local level in eight states (California, Colorado, Georgia, Illinois, Kansas, Louisiana, Maryland, and Nevada).</p> <p>In 2019, the Company did not support or finance any state or local ballot measure before voters. At the federal level, no Company funds were used to support or finance any political campaign, nor did the Company support or finance any so-called "Super PACs" or any political committees organized under section 527 of the Internal Revenue Code. The Company made no contributions to a politically affiliated 501(c)(4) organization in 2019.</p> <p>In 2019, A4A, our airline industry trade association, determined that \$1,265,600 of the total dues paid by the Company to A4A were nondeductible lobbying expenses. Southwest also paid dues to several other national, state, and local trade associations and chamber organizations, in which a portion of those dues were used by these organizations for nondeductible lobbying activities; however, in all cases, that portion was less than \$6,000 annually for each organization.</p>
-------	-------------------------	--

Indicator	Description	Detail/Location in Report
Health and Safety		
<p>At Southwest, we are committed to the Safety and Security of our Customers and Employees—it's our number one priority. We continually work to create and foster a Culture of Safety and Security that proactively identifies and manages risks to the operation and workplace before they can become injuries, accidents, or incidents. We strive to manage our Culture of Safety and Security through establishing and annually reviewing Safety related objectives, establishing and promoting Safety and Security reporting processes, and creating and maintaining a proactive reporting Culture. Southwest's policy is that no disciplinary action will be taken against any Employee for reporting a Safety or Security occurrence or issue, except in cases where behavior is ultimately deemed to be reckless.</p>		
Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and services categories	People Data Table

Endnotes

For the 2019 One Report, APA guidance for endnote placement and construction was used to provide supplemental information.

- 1) The 2019 Southwest Airlines One Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Specific forward-looking statements include, without limitation, statements related to (i) the Company's Vision; (ii) the Company's financial position, outlook, plans, strategies, goals, targets, and projected results of operations, including factors and assumptions underlying the Company's projections; (iii) the Company's operational initiatives and related plans and expectations, including with respect to technology and fleet initiatives; (iv) the Company's other initiatives, including hiring, diversity, Rapid Rewards, safety, fuel, and environmental and sustainability initiatives and related plans and expectations; (v) the Company's network plans, expectations, and opportunities; (vi) the Company's expectations with respect to fuel efficiency, including factors and assumptions underlying the Company's expectations; (vii) the Company's plans, expectations, and priorities in connection with the return of the MAX to service; and (viii) the Company's fleet plans and expectations. These statements involve risks, uncertainties, assumptions, and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Factors include, among others, (i) the impact of fears or actual outbreaks of disease or pandemics, changes in consumer behavior, economic conditions, governmental actions, extreme or severe weather and natural disasters, fears of terrorism or war, actions of competitors, fuel prices, consumer perception, and other factors beyond the Company's control, on consumer behavior and the Company's results of operations and business decisions, plans, strategies, and results; (ii) the Company's dependence on Boeing and the Federal Aviation Administration with respect to the timing of the return of the 737 MAX to service and any related changes to the Company's operational and financial assumptions and decisions; (iii) the Company's dependence on other third parties, and the impact on the Company's operations and results of operations of any third party delays or non-performance; (iv) the Company's ability to timely and effectively implement, transition, and maintain the necessary information technology systems and infrastructure to support its operations and initiatives; (v) the Company's ability to timely and effectively prioritize its initiatives and related expenditures; (vi) the impact of labor matters on the Company's business decisions, plans, and strategies; and (vii) other factors, as described in the Company's filings with the Securities and Exchange Commission, including the detailed factors discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2019, and in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended Mar. 31, 2020.
- 2) See Endnote 1.
- 3) Polaris. (2018, July). *On-Ramps, Intersections, and Exit Routes: A Roadmap for Systems and Industries to Prevent and Disrupt Human Trafficking*. Washington D.C. <https://polarisproject.org/wp-content/uploads/2018/08/A-Roadmap-for-Systems-and-Industries-to-Prevent-and-Disrupt-Human-Trafficking-Transportation-Industry.pdf>
- 4) International Labour Organization. (2014). *Profits and Poverty: The Economics of Forced Labour*. Geneva, Switzerland. https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_243201/lang--en/index.htm
- 5) International Labour Organization. (2017). *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*. Geneva, Switzerland. https://www.ilo.org/wcmsp5/groups/public/-/dgreports/-/dcomm/documents/publication/wcms_575479.pdf
- 6) See Endnote 3.
- 7) Active, full-time equivalent Employees as of Dec. 31, 2019. Flight includes Cabin Service Support, Inflight, and Flight Operations. Ground, Customer, and Fleet Services includes Provisioning, Customer Services, Ground Operations, and Operations Coordination Center.
- 8) Tully, S. (2019, January 16). *Remembering Herb Kelleher: An Unparalleled Innovator in Commercial Aviation*. Fortune. <https://fortune.com/2019/01/16/remembering-herb-kelleher-an-unparalleled-innovator-in-commercial-aviation/>
- 9) Southwest used data attained from the Department of Transportation's (DOT) O&D (Origin and Destination) Survey for the 12 months ending Sept. 30, 2019, based on domestic originating passengers to calculate. This data can be accessed via Diio Mi at mi.diio.net.
- 10) Southwest Airlines is the only major U.S. airline that offers to all ticketed Customers, up to two checked bags that fly free. Size and weight limits apply.
- 11) Each qualified organization is eligible to receive up to six roundtrip tickets per calendar year as part of the Tickets for Time program.
- 12) Shepherd, L., Marrs, S., Hansan, L., Guilfoile, B., & Smith, B. (2018). *2017 Post-Grant Assessment: Kerr Park*. Chirp Research, Plano, TX.
- 13) Shepherd, L., Marrs, S., Hansan, L., Guilfoile, B., & Smith, B. (2018). *2017 Post-Grant Assessment: Duncan Plaza*. Chirp Research, Plano, TX.
- 14) Marrs, S., Hansan, L., Duba, M., & Duplessis, C. (2019). *2017 Post-Grant Assessment: Buffalo's Reading Park*. Chirp Research, Plano, TX.
- 15) See Endnote 1.
- 16) Active, full-time equivalent Employees as of Dec. 31 for specific calendar year.
- 17) See Endnote 16.
- 18) Flight includes Cabin Service Support, Inflight, and Flight Operations. Ground, Customer, and Fleet Services includes Provisioning, Customer Services, Ground Operations, and Operations Coordination Center.
- 19) Includes Southwest's contributions to Employee health and welfare plans, workers' compensation insurance, and employer payroll taxes.
- 20) Southwest revised its reporting methodology to "Ratio of external Customer commendations to personnel complaints" from "Ratio of external Customer commendation to personnel rudeness complaints." For comparison purposes, Ratio of external Customer commendations to personnel complaints metrics for years 2015 to 2018, reflect the new reporting methodology.
- 21) U.S. Department of Transportation. (2020, February). *Air Travel Consumer Report (ATCR): A Product of the Office of Aviation Enforcement and Proceedings, Aviation Consumer Protection Division*. Washington, D.C. <https://www.transportation.gov/individuals/aviation-consumer-protection/february-2020-air-travel-consumer-report>. The DOT ranks all U.S. carriers based on the lowest ratio of complaints filed with the DOT per 100,000 passengers enplaned. Southwest earned 1st place in the DOT's 2019 ATCR. A Marketing Carrier is an airline that advertises under a common brand name, sells reservations, manages frequent flyer programs, and is ultimately responsible for the airline's consumer policies. Operating Carriers handle the flight operations for the respective Marketing Carriers they serve—Operating Carriers are not responsible for policies, procedures, and advertising associated with the Marketing Carrier's brand.

- 22) In accordance with DOT guidelines, Southwest revised its mishandled bag reporting to "Number of mishandled bags reported per 1,000 bags enplaned." For comparison purposes, mishandled bag metrics have been provided for 2018 and 2017, to reflect the new reporting methodology.
- 23) Independent Sector. (2019, April 11). *Independent Sector Releases New Value of Volunteer Time of \$25.43 Per Hour*. <https://independentsector.org/news-post/new-value-volunteer-time-2019/>
- 24) See Endnote 21.
- 25) See Endnote 21.
- 26) See Endnote 1.
- 27) National Archives. (2019, March 18). *Operators of Boeing Company Model 737-8 and Boeing Company Model 737-9 Airplanes: Emergency Order of Prohibition (A Rule by the Federal Aviation Administration on March 18, 2019)*. Federal Register: The Daily Journal of the United States Government. Washington, D.C. <https://www.federalregister.gov/documents/2019/03/18/2019-05067/operators-of-boeing-company-model-737-8-and-boeing-company-model-737-9-airplanes-emergency-order-of-prohibition>. The Federal Aviation Administration issued an emergency order on March 13, 2019, for all U.S. airlines to ground all Boeing 737 MAX aircraft.
- 28) The Company's Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These GAAP financial statements may include (i) unrealized noncash adjustments and reclassifications, which can be significant, as a result of accounting requirements and elections made under accounting pronouncements relating to derivative instruments and hedging and (ii) other charges and benefits the Company believes are unusual and/or infrequent in nature and thus may make comparisons to its prior or future performance difficult.

As a result, the Company also provides financial information in this filing that was not prepared in accordance with GAAP and should not be considered as an alternative to the information prepared in accordance with GAAP. The Company provides supplemental non-GAAP financial information (also referred to as "excluding special items"), including results that it refers to as "economic," which the Company's management utilizes to evaluate its ongoing financial performance and the Company believes provides additional insight to investors as supplemental information to its GAAP results. The non-GAAP measures provided that relate to the Company's performance on an economic fuel cost basis include fuel and oil expense, non-GAAP; total operating expenses, non-GAAP; operating income, non-GAAP; net income, non-GAAP; met income per share, diluted, non-GAAP; operating expenses per ASM, non-GAAP, excluding fuel and oil expense and profitsharing; adjusted operating income, non-GAAP; and Income tax rate, non-GAAP. The Company's economic fuel and oil expense results differ from GAAP results in that they only include the actual cash settlements from fuel hedge contracts - all reflected within fuel and oil expense in the period of settlement. Thus, fuel and oil expense on an economic basis has historically been utilized by the Company, as well as some of the other airlines that utilize fuel hedging, as it reflects the Company's actual net cash outlays for fuel during the applicable period, inclusive of settled fuel derivative contracts. Any net premium costs paid related to option contracts that are designated as hedges are reflected as a component of fuel and oil expense, for both GAAP and non-GAAP (including economic) purposes in the period of contract settlement. The Company believes these economic results provide further insight on the impact of the Company's fuel hedges on its operating performance and liquidity since they exclude the unrealized, noncash adjustments and reclassifications that are recorded in GAAP results in accordance with accounting guidance relating to derivative instruments, and they reflect all cash settlements related to fuel derivative

contracts within fuel and oil expense. This enables the Company's management, as well as investors and analysts, to consistently assess the Company's operating performance on a year-over-year or quarter-over-quarter basis after considering all efforts in place to manage fuel expense. However, because these measures are not determined in accordance with GAAP, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same manner. As a result, the aforementioned measures, as presented, may not be directly comparable to similarly titled measures presented by other companies.

Further information on (i) the Company's fuel hedging program, (ii) the requirements of accounting for derivative instruments, and (iii) the causes of hedge ineffectiveness and/or mark-to-market gains or losses from derivative instruments is included in Note 2 and Note 10 to the Consolidated Financial Statements on Form 10-K for the fiscal year ended December 31, 2019, which also discusses the Company's Jan. 1, 2018 adoption of the New Hedging Standard.

The Company's GAAP results in the applicable periods may include other charges or benefits that are also deemed "special items," that the Company believes make its results difficult to compare to prior periods, anticipated future periods, or industry trends. Financial measures identified as non-GAAP (or as excluding special items) have been adjusted to exclude special items. For the periods presented, in addition to the items discussed above, special items include:

- A gain recognized in first quarter 2018, associated with the sale of 39 Boeing 737-300 ("Classic") aircraft and a number of spare engines to a third party. These aircraft were previously retired as part of the Company's exit of its Classic fleet. The gain was not anticipated, and the Company associates it with the grounding charge recorded in third quarter 2017;
- Lease termination costs recorded as a result of the Company acquiring 13 of its Classic aircraft off operating leases as part of the Company's strategic effort to remove its Classic aircraft from operations on or before September 29, 2017, in the most economically advantageous manner possible. The Company had not budgeted for these early lease termination costs, as they were subject to negotiations being concluded with the third party lessors. The Company recorded the fair value of the aircraft acquired off operating leases, as well as any associated remaining obligations to the balance sheet as debt; and
- An Aircraft grounding charge recorded in third quarter 2017, as a result of the Company grounding its remaining Classic aircraft on September 29, 2017. The loss was a result of the remaining net lease payments due and certain lease return requirements that could have to be performed on these leased aircraft prior to their return to the lessors as of the cease-use date. The Company had not budgeted for the lease return requirements, as they were subject to negotiation with third party lessors.

Because management believes special items can distort the trends associated with the Company's ongoing performance as an airline, the Company believes that evaluation of its financial performance can be enhanced by a supplemental presentation of results that exclude the impact of special items in order to enhance consistency and comparativeness with results in prior periods that do not include such items and as a basis for evaluating operating results in future periods. The following measures are often provided, excluding special items, and utilized by the Company's management, analysts, and investors to enhance comparability of year-over-year results, as well as to industry trends: total operating expenses, non-GAAP; operating income, non-GAAP; net income, non-GAAP; net income per share, diluted, non-GAAP; operating expenses per ASM, non-GAAP, excluding fuel and oil expense and profitsharing; adjusted operating income, non-GAAP; and income tax rate, non-GAAP.

The Company has also provided free cash flow, which is a non-GAAP financial measure. The Company believes free cash flow is a meaningful measure because it demonstrates the Company's ability to service its debt, pay dividends, and make investments to enhance Shareholder value. Although free cash flow is commonly used as a measure of liquidity, definitions of free cash flow may differ; therefore, the Company is providing an explanation of its calculation for free cash flow. For the year ended December 31, 2019, the Company generated \$3.4 billion in free cash flow, calculated as operating cash flows of \$4.0 billion less capital expenditures of \$1.0 billion plus supplier proceeds of \$400 million.

The Company has also provided its calculation of return on invested capital, which is a measure of financial performance used by management to evaluate its investment returns on capital. Return on invested capital is not a substitute for financial results as reported in accordance with GAAP, and should not be utilized in place of such GAAP results. Although return on invested capital is not a measure defined by GAAP, it is calculated by the Company, in part, using non-GAAP financial measures. Those non-GAAP financial measures are utilized for the same reasons as those noted above for net income, non-GAAP and operating income, non-GAAP. The comparable GAAP measures include charges or benefits that are deemed "special items" that the Company believes make its results difficult to compare to prior periods, anticipated future periods, or industry trends, and the Company's profitability targets and estimates, both internally and externally, are based on non-GAAP results since in the vast majority of cases the "special items" cannot be reliably predicted or estimated. The Company believes non-GAAP return on invested capital is a meaningful measure because it quantifies the Company's effectiveness in generating returns relative to the capital it has invested in its business. Although return on invested capital is commonly used as a measure of capital efficiency, definitions of return on invested capital differ; therefore, the Company is providing an explanation of its calculation for non-GAAP return on invested capital in the accompanying reconciliation, in order to allow investors to compare and contrast its calculation to the calculations provided by other companies.

Information regarding special items and reconciliation of reported amounts to amounts excluding special items are included in the accompanying reconciliation tables in the Performance section.

29) See Endnote 28.

30) Passenger load factor is RPMs divided by ASMs. See Endnotes 32 and 37.

31) See Endnote 27.

32) An available seat mile (ASM) is one seat (empty or full) flown one mile. Also referred to as "capacity," which is a measure of the space available to carry Passengers in a given period.

33) See Endnote 28.

34) See Endnote 28.

35) See Endnote 28.

36) See Endnote 28.

37) A revenue passenger mile (RPM) is one paying Passenger flown one mile. Also referred to as "traffic," which is a measure of demand for a given period.

38) See Endnote 32.

39) See Endnote 30.

40) The average distance in miles the aircraft is flown per trip.

41) The average amount of Passenger revenue per revenue Passenger carried.

42) Calculated as Passenger revenue divided by RPMs. Also referred to as "yield," this is the average cost paid by a paying Passenger to fly one mile, which is a measure of revenue production and fares. See Endnote 37.

43) Calculated as operating revenues divided by ASMs. Also referred to as "operating unit revenues" or "RASM," this is a measure of operating revenue production based on the total available seat miles flown during a particular period. See Endnote 32.

44) Calculated as operating expenses divided by ASMs. Also referred to as "unit costs" or "costs per available seat mile," this is the average cost to fly an aircraft seat (empty or full) one mile, which is a measure of cost efficiencies. See Endnote 32.

45) See Endnote 16.

46) As reported by the U.S. DOT's summary report of scheduled passenger flights for full year 2019 by operating carrier. This data can be accessed via Diio Mi at mi.diio.net.

47) See Endnote 1.

48) IdeaWorks. (2019, June 26). *British Airways Greatly Boosts Reward Seat Availability, and Entire Industry Shows Dramatic Improvement*. Shorewood, Wisconsin. April <https://www.ideaworkscompany.com/wp-content/uploads/2019/06/Press-Release-138-Reward-Seat-Report-2019.pdf>

49) See Endnote 37.

50) Rapid Rewards® Members can redeem points for flights, gift cards, hotels, car rentals, experiences, and merchandise.

51) See Endnote 48.

52) Freddie Awards (2019, April). *2019 Annual Freddie Awards (29th) Results*. Dallas, TX. <https://freddieawards.com/winners-circle/>

53) See Endnote 9.

54) Metro areas are areas around cities that may include multiple major airports. In some cases, the airports within a metro area may serve separate competitive markets. See Endnote 9.

55) Co-terminal: Airports that share a common city or region; for example, Newark, LaGuardia, and JFK are considered co-terminals to one another. See also Endnote 9.

56) See Endnote 9.

57) See Endnote 32.

58) See Endnote 27.

59) See Endnote 27.

60) See Endnote 1.

61) See Endnote 28.

62) Estimated impact to financial results from the Federal Aviation Administration emergency order issued on March 13, 2019 for all U.S. airlines to ground all Boeing 737 MAX aircraft. See also Endnote 27.

63) See Endnote 30.

64) See Endnotes 9 and 41.

65) See Endnote 1.

66) See Endnote 37.

67) See Endnote 32.

68) See Endnote 30.

69) See Endnote 42.

70) See Endnote 43.

71) See Endnote 44.

72) See Endnote 16.

73) See Endnote 28.

- 74) As a result of prior hedge ineffectiveness.
- 75) See Endnote [74](#).
- 76) Tax amounts for each individual special item are calculated at the Company's effective rate for the applicable period and totaled in this line item.
- 77) See Endnote [76](#).
- 78) See Endnote [28](#).
- 79) Net adjustment related to presumption that all aircraft in fleet are owned (i.e., the impact of eliminating aircraft rent expense and replacing with estimated depreciation expense for those same aircraft). The Company makes this adjustment to enhance comparability to other entities that have different capital structures by utilizing alternative financing decisions.
- 80) The GAAP annual tax rate as of Dec. 31, 2019 was 22.2 percent, and the annual non-GAAP tax rate was also 22.2 percent. See Endnote [28](#) regarding use of non-GAAP Financial Measures for additional information.
- 81) Calculated as an average of the five most recent quarter end balances or remaining obligations. The Net present value of aircraft operating leases represents the assumption that all aircraft in the Company's fleet are owned, as it reflects the remaining contractual commitments discounted at the Company's estimated incremental borrowing rate as of the time each individual lease was signed.
- 82) See Endnote [81](#).
- 83) See Endnote [81](#).
- 84) The Equity adjustment for hedge accounting in the denominator adjusts for the cumulative impacts, in Accumulated other comprehensive income and Retained earnings, of gains and/or losses associated with hedge accounting related to fuel hedge derivatives that will settle in future periods.
- 85) A revenue ton mile (RTM) is one ton of revenue traffic (passenger and cargo) transported one mile.
- 86) See Endnote [1](#).
- 87) See Endnote [10](#).
- 88) Baseline year for fuel efficiency improvement on an RTM/gal basis has been adjusted from 2005 to 2000. 2019 fuel efficiency improvement using 2005 as baseline is 31.9%.
- 89) See Endnote [85](#).
- 90) See Endnote [37](#).
- 91) See Endnote [85](#).
- 92) See Endnote [32](#).
- 93) Emissions from refrigerant losses are not included in our emissions inventory due to their de minimis impact on our overall emissions.
- 94) See Endnote [37](#).
- 95) See Endnote [1](#).
- 96) See Endnote [85](#).
- 97) See Endnote [85](#).
- 98) Water consumption is primarily for domestic use at our facilities.
- 99) See Endnote [16](#).
- 100) See Endnote [93](#).
- 101) See Endnote [37](#).
- 102) See Endnote [32](#).
- 103) See Endnote [85](#).
- 104) Decrease in capital goods Scope 3 greenhouse gas emissions due to halting of new Boeing 737 MAX deliveries. See Endnote [27](#).
- 105) Calculation methodology has been revised to more accurately reflect commuting profiles for Pilots and Flight Attendants. Employee commuting Scope 3 greenhouse gas emissions for 2015 through 2018, have been restated to reflect the revised calculation methodology.
- 106) NO_x and SO_x emissions are reported in our annual emissions inventories for our DAL and PHX facilities. Data is from prior year due to air emissions reporting cycle.
- 107) See Endnote [32](#).
- 108) See Endnote [37](#).
- 109) See Endnote [85](#).
- 110) Waste and material recycled from aircraft and select facilities as part of Southwest's waste management and co-mingled recycling programs. Data is not available for all locations where Southwest operates. Does not include international flights due to regulations that require waste from international flights to be sterilized.
- 111) See Endnote [32](#).
- 112) See Endnote [27](#).
- 113) See Endnote [106](#).